

ruined HK talks

Europe's Business Newspaper



that the decision by Hong Kong governor Chris Patten (left). to proceed unilaterally with electoral reforms. had ruined prospects

Mr Patten told Hong Kong's Legislative Council that he could no longer wait for agreement after 17 rounds of talks in Beijing on his reform proposals and that he would put "less contentious" parts of his plans to Legco on December 15. He said he had not broken off talks with Beijing.

Kohl's coalition under pressure: Chancellor Helmut Kohl's coalition of Christian Democrats and Free Democrats in Germany is facing unprecedented internal strife, amid open speculation about its ability to survive to the next general election, less than 11 months away. Page 14

EU urged over decision-making: Member states of the European Union should set up a two-chamber European parliament to improve democratic control of decision-making, according to an international report. Page 14

European stock markets: Frankfurt moved into record territory in spite of the Bundesbank signalling that there would be no further cut in interest rates this year. The DAX index close 20.66 higher at 2,110.53. Zurich's SMI index added 12.9 to a second consecutive record close at 2,787.2 in continued response to better than expected economic data earlier in the week. In Paris the CAC-40 index ended up 6.47 at 2,160.45. In London, the FT-SE 100 Index closed 9.3 off at 3,223.9 on profit-taking. London stocks, Page 25; World

Procter & Gamble, the US consumer products giant, is to take its first step into the \$5.5bn-a-year European market for toilet paper, kitchen towel and paper handkerchiefs with the acquisition of VP-Schickedanz, a leading German manufacturer of consumer hygiene products. Page 15

Germany to issue long bond: Germany responded to demands from the international investment community when it announced plans for the issue of bonds with a maturity of more than 10 years for the first time in nearly eight years. Page 15; International bonds, Page 19

Oreseiner profits up 16.2%: Jürgen Sarrazin, chief executive of the Dresdner Bank, Germany's second biggest bank, defended the German banking sector's right to make record profits amid the worst recession since the second world war after unveiling a 16.2 per cent rise in operating profits to DM1.6bn (\$940m) for the first 10 months of

Tokyo criticises US over cars: Criticism of the US approach to opening up Japan's market to foreign cars and car parts is mounting in Tokyo. as the two countries still remain wide apart on key issues in their bilateral trade and economic framework talks. Page 6

Britain to study M-way tolls: The British government is to push ahead with detailed studies of an electronic motorway tolling system which could be introduced by 1998. John MacGregor. transport secretary, said. He said the tolls could cost motorists £700m (\$1bn) a year if they were applied across the 2,000-mile network. Page 7

Oil prices fall: World oil prices fell on signs of a milder than expected northern winter and revived fears of a glut if the United Nations eases its Gulf war embargo on the petroleum exports of Iraq. London January futures for the world benchmark Brent Blend of crude oil fell as low as \$14.06 per barrel - close to last week's five-year low of \$13.97 - before trying to rally. Commodities,

SA businessmen back Mandela: Most of South Africa's senior businessmen would like to see Nelson Mandela, the African National Congress leader, as president of South Africa, and are overwhelmingly optimistic about the future, a survey shows. Page 4

Stoltenberg replaced: Thorvald Stoltenberg. the UN special representative for former Yugoslavia, is to be replaced as head of the UN Protec-tion Force (Unprofor) by Yasushi Akashi of Japan, a UN spokeswoman said.

Fire at Bulgarin nuclear plant: A fire broke out at Bulgaria's Kozloduy nuclear power plant but was put out and did not cause a radiation leak, the interior ministry said.

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China says Patten Volvo drops Renault merger stance on reform

By Hugh Carnegy and Christopher Brown-Humes John Ridding in Paris

Volvo last night tore up its controversial plan to merge with France's Renault, prompting the resignation of Mr Pehr Gyllenhammar as chairman of the Swedish industrial group.

In one of the most dramatic days in Swedish corporate history, an unprecedented revolt by senior management forced the Volvo board to bow to shareholder pressure and pull out of the plan to create Europe's second largest automotive group. Mr Gyllenhammar, who has led Volvo since 1971 and has been one of Sweden's leading industrialists, immediately announced his resignation, along with four other board members. They included Mr Raymond Levy, Renault's former chief and nominee on the Volvo board. Mr Gyllenhammar bitterly denounced his critics for having "turned their

After senior managers revolt, Gyllenhammar quits and terms and was also tai financial standpoint." attacks critics for 'turning backs on Europe and world'

year-old alliance with Renault would be destroyed and the long-term survival of Volvo put in jeopardy. "The alliance will by a Renault management who, understandably, has lost its confidence in Volvo . . . Volvo is right

now a wounded company." The board's decision followed a demand from Volvo's top management that the merger be dropped, co-ordinated in secret over the past two days by Mr Sören Gyll, the chief executive who was brought into Volvo last year by Mr Gyllenhammar. Mr Gyll's move in turn fol-

lowed a wave of opposition to the merger proposal from Volvo's Swedish institutional shareholders. The board said it had become clear that it was "very unlikely" the merger would be approved at a shareholders' meeting. This

■ Background Page 15 Foreigners take driving seat in Stockholm Page 36

Despite Mr Gyllenhammar's warning, Mr Gyll said he hoped Volvo would be able to overcome Renault's disappointment and continue the alliance.

Under the merger plan, Volvo would have placed all its core car and truck operations into a joint company with Renault, in exchange for a 35 per cent stake in the new company. Swedish shareholders, however, objected to what they saw as a takeover on unclear terms by a stateowned company.

Their objections were not countered by assurances from the French side that Renault would be privatised by the end of

next year and that a planned golden share would not be used to dilute Volvo's holding. Mr Gyllenhammar, who strode

alone into a press conference to announce his resignation, was dismissive of arguments that Vol-vo's vehicle operations could prosper on their own, a case fuelled in recent weeks by sharp upturns in Volvo's profits.

"Would a couple of positive quarterly reports and the prema-turely published [October] result have changed Volvo's strategic position in the world automotive industry? This is of course not

the case," he said.

Mr Bo Rydin, a leading industrialist who head the forestry group SCA, is to take over as acting Volvo chairman pending the election of a new board. Renault said in Paris it "deplored" that the merger had not been ratified. "It was justified

in both economic and industrial

note about the prospects for the existing co-operation between the two groups. "The agreements established over the past three years remain in force but the alliance has lost its momentum". Industry observers in Paris

said that Renault would now consider whether to unravel its system of cross-shareholdings with Volvo - under which the Swedish group holds 20 per cent of Renault - and whether it should maintain joint management groups. A spokesman for Renault said it was too early to say what

would happen on these issues. The fallure to ratify the merger is also a blow to the French government. Renault is one of the most important groups of 21 scheduled for privatisation and the Volvo merger had been regarded as a vital step. Repault said privatisation could still go ahead. But industry observers said the process would be complicated by the failure of the

G7 plans support to aid reform in Russia

The Group of Seven leading industrialised countries has prepared a battery of support mea-sures for Russian reform, which will be activated after the election on December 12 - assuming the reformists win.

A senior US official, in Moscow for talks, said yesterday that "clearly after the elections there will be major opportunities to consolidate progress and we can say that the G7 are poised to help and to help rapidly, if the condi-

tions are there". Support for reform in Russia depends heavily on the poll's outcome. Opinion surveys show dwindling support for Russia's Choice, leading party and main reformist group, and gains for the Communists and far right. The G7 initiatives being pre-

pared for after the elections A waiving by the World Bank for the first time of its "negative pledge" rule, which means dropfirst pays its debt to the bank before it repays other creditors. The decision is expected to be approved by the board on December 14, two days after the election. The senior official said this was of "great significance" and

would release investment which

had been held up during long dis-

cussions within the Bank on dropping its time-honoured rule. The first fruit of this is a framework agreement designed by the US Eximbank to provide loans of \$2bn or more to Russian buyers in the oil and gas industries of US equipment, the loans secured against hard currency future oil and gas deliveries. This form of agreement, essentially a form of barter, would not be possible while the Bank's negative

pledge rule remains in force. Mr Thomas Pickering, US ambassador, said yesterday the agreement was the base for further foreign investment in energy and other fields. He said that "there must be no doubt of the desire on the part of US industry to play the leading role in extending assistance to Russia in the exploitation of its oil wealth". A meeting of the G7 "sher-

Continued on Page 14

meeting, scheduled for next Tues-day, has now been cancelled. backs on Europe and the world". He warned that Volvo's three-**US** and **EU** near

farm trade deal

By Lionel Barber and David Dodwell in Brussels

The US and European Union appeared close to settling longstanding differences on international farm trade last night. However, negotiators fell short of the comprehensive bilateral marketopening deal needed for success-ful completion of the Uruguay

Round of world trade talks. The farm trade issue has dogged the round since it was launched in 1986. In prospect is a deal providing improved access for US and other farm exporters to Europe's market for grains, meat, dairy products and "other speciality crops".

Negotiators were also confident of satisfying French demands for amendment of the US-EU Blair House agreement regulating Europe's subsidised farm exports. Mr Mickey Kantor, US trade representative, said: "We are talking of an overall agriculture package that not only the EU, but every country in the Community can

Sir Leon Brittan, the EU trade commissioner, and Mr Kantor talked of "tangible progress" at the end of 36 hours of intensive negotiation in Brussels.

EU foreign ministers last night gave a positive response to Sir Leon's report on his talks with Mr Kantor, but asked for a sec-Sir Leon said the plan was to

reach a comprehensive bilateral deal on Monday and for him to accompany Mr Kantor to Geneva to accelerate agreement between all the other parties.

Mr Kantor has now returned to Washington for further consultations with President Bill Clinton and the US Congress.

Key differences remain over US access to Europe's film and television markets, and on liberalising maritime services. US demands for better protection of its anti-dumping laws under the draft Uruguay Round agreement and its proposed amendments to the deal in financial services and taxation are also being fiercely contested by the EU and many other US trading partners.

Sir Leon last night reported on the outcome of the negotiations directly to a special meeting of EU foreign and trade ministers, where it was critically important that he won backing for the commitments already made to the US and the likely compromises that will have to be made.

Conscious that time is rapidly running out ahead of the December 15 deadline to complete a deal satisfactory to all 116 countries participating, Sir Leon acknowledged the "awesome responsibil-ity" of the US and the EU to reach agreement. He said Mr Peter Sutherland,

director-general of the General



As sharp differences emerged over peace efforts in Northern Ireland.SinnFéin president Gerry Martin McGuinness) said yester-day's killing by the TRA of a Continued on Page 14 | ernment's responsibility. Page 7

Japan agrees stimulus plan as recession concern grows

By William Dawkins in Tokyo

Japan's government was struggling to restore public confi-dence yesterday as worsening recession plus the resignation of a cabinet minister threatened to delay political reform beyond the year-end deadline.

seven-party coalition agreed to launch early next week the fourth economic stimulus package this year. It will include Y5,000bn to Y6,000bn (\$46bn to \$56bn) worth of income and other tax cuts, a further reduction in bureaucratic controls, lower taxes on land sales and measures to stimulate the stock market, said governmental officials. Final details have yet to be settled, in particular how to fund the income tax cut, on which coalition members are deeply split.

The move is a clear sign that government concern over the economy, which has failed to respond to record low interest rates and a boost in public spending, has reached a new phase. The gross national product for the third quarter and the Bank of his Japan New party.

■ OECD urges Japan to reform its finances ■ Editorial Comment Page 13

Japan's quarterly review of business confidence are to be published next week and both are expected to show deepening gloom. Today's annual report on Japan by the Organisation of Economic Co-operation and Development warns that growth prospects are not encouraging.

Recent falls in stock market prices have also reinforced the need for economic action. The government has had to give priority to a supplementary budget, needed to finance the previous spending package, at a time when it was hoping to be pushing political reform.

This makes it unlikely that Mr Morihiro Hosokawa, the prime minister, will get parliamentary clearance by the end of the year for plans to reform the corrupt toral system, said officials of

CONTENTS

Intl. Cap Mids

FT World Actuaries

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Maraged Funds .

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"We just don't have the time to worry about political reforms. Our immediate attention is on the economy, where the signs are very serious," said one official.

The government lost a valuable day of parliamentary business yesterday when Mr Keisuke Nak-anishi, director-general of the defence agency - the Japanese equivalent of defence minister created an uproar by calling for the pacifist constitution to be revised to allow Japanese soldiers to take a larger combat role under United Nations command. Mr Nakanishi resigned, to be succeeded by Mr Kazuo Aichi, a member of the Japan Renewal party and former director-general of the environment agency.

It is unclear, however, whether Mr Hosokawa will be called on to carry out his threat to resign if the political reform bills miss his self-imposed deadline. The government still acknowledges the weight of Mr Hosokawa's promise to carry out political reform by the end of the year, said Mr Masayoshi Takemura, chief cabinet secretary.

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Leader Page Letters

Management

Row over packaging waste divides EU

European Union environment ministers were last night struggling to find a compromise on Europe-wide rules for dealing with packaging waste, after the Belgian presidency of the EU signalled it was prepared to see German-led insistence on ambitious recycling targets

Belgium has made it a priority to get through a directive on waste packaging, after complaints from eight member states that Germany's ambitious national waste recycling legislation has led to dumping of waste in neighbouring countries.

Germany does not have the capacity to meet its own targets, and its subsidised exports of waste are stifling efforts elsewhere to build up recycling industries.

France in June threatened a ban on German waste imports and other member states are warning of legal

Mr Ioannis Paleokrassas, the Union's environment commissioner, warned of a "a real legal war" if the 12 could not agree common

The stakes are high because

presidency in the first half of next year, and be returned to only when Germany itself is in the EU chair during the second half of 1994.

The interim could be punctuated by acrimonious legal disputes. Moreover, unless the 12 reach a plausible consensus, the European Parliament, which under the Maastricht treaty could veto this directive, could further complicate the controversy.

According to Mr Tim Yeo,

the junior environment minister, and French and European Commission officials, Denmark - which along with the Netherlands sides with Germany on higher targets - was spearheading a filibuster likely to take negotiations throughout the

The German-led trio can, however, be outvoted under the EU's weighted majority voting system. Mr Yeo said the German camp's tactics "expose their opposition as flagrantly interests" and damaging to the environment as a

The original Commission proposal had been for 60 per cent recovery of waste over five years, with 40 per cent If no decision is reached by today, the controversy is likely 10 years, with 60 per cent

The Belgian presidency compromise abandons the 10-year aim and suggests a 50-60 per cent recovery target, with a 30 to 40 per cent recycling obligation. The latter would be an

overall target for all waste, for paper and board if there were insufficient capacity to deal with plastic. But no waste material would be exempt from the recycling effort, with a minimum 15 per cent target.

The Germans, Dutch and Danes denounced the compromise as unacceptably "low and unambitious".

Negotiations proceeding last night on French and British suggestions which would allow the 'greener" member states to set higher targets if there were no resulting trade and single market distortions of the type already caused by Germany.

Those who wanted higher targets would also have to demonstrate they had enough reprocessing capacity to deal with a high portion of it, which officials were last night trying to define, in negotiations parallel to the ministerial

discussions "It would be a great mistake these facilities are lacking," Mr



Disillusioned with the corrupt ruling centre parties, voters in Rome turned to the bright young MSI leader, Gianfranco Fini, and in Naples to Il Duce's gra

Neo-fascists set sights on Rome

Seventy years after Il Duce marched on the Italian capital, the right-wing MSI party hopes Sunday's city election will catapult it to national prominence, writes Robert Graham

talian politics have been electrified by the prospect of Naples and Rome falling under the control of a party inspired by the fascist ideals of

The neo-fascist MSI (Italian Social Movements has a modest chance of winning the elections for mayor in both cities in Sunday's second round runoff. If it does, this would represent the biggest single electoral gain by a right-wing pationalist party in Europe in

However, the sudden swing to the MSI is likely to be a temporary phenomenon. It is the product of the collapse of the centre parties and the absence of alternatives other than the Left. The party itself is ill-equipped to cope with succass. To maintain its momentum it would have to tone down its intemperate rhetoric, weed out some of the uglier elements in its ranks and forge links with known moderate voices on the right.

Polls show that Mr Gian-franco Fini, the MSI leader, is commanding just over 46 per cent of the vote in Rome against nearly 54 per cent for Mr Francesco Rutelli, the Green candidate backed by a left-wing alliance. In Naples,

Ms Alessandra Mussolini, the granddaughter of Il Duce, is running neck and neck against her rival, Mr Antonio Basso-lino, the candidate of the Party elements, as a launchpad to project the party nationwide. Until these elections the MSI of the Democratic Left (PDS). had remained a noisy minority Under the new local election laws approved in March, there party, averaging about 5 per cent of the vote in general elecis a run-off between the two

Traditionally the party has been strongest in southern candidates with the most votes when no one obtains an abso-Italy and among what has been sometimes called the "clerk lute first round majority. The winner is then entitled to the majority of council seats to ensure a stable government. class". Since the end the of the 1960s the party has also In the first round on Novemabsorbed the Monarchists, givber 21, Mr Fini polled 36 per cent of the vote, Ms Mussolini ing the current full name MSI-DN (Destra Nazionale – National Right). 30 per cent - both of them running second but enjoying the largest single party vote. The party also did well in many southern Italian towns as well

as near Rome, and in isolated

instances in the north such as

Part of the party's success

due to Mr Fini, a 40-year-old

former journalist who took

control of the MSI in 1987.

effective public speaker, Mr Fini has polished the party's

image with more moderate

talk. Born seven years after

the execution of Il Duce, he

describes himself as a "post-fascist". He chose to stand for

election in Rome, where the

the city of Trieste.

he party has never dis-owned Mussolini, merely distanced itself from the fascist regime's excesses. Alessandra Mussolini is open in her admiration for her grandfather and exploits his name. (A family detail is that her famous aunt, actress Sophia Loren, has not publicly supported her candidacy.)
The MSI actively celebrates
the anniversary of Mussolini's

march on Rome in 1922 that paved the way for his assumption of absolute power. MSI literature is tinged with law and order metaphors and by Italy's tolerant standards is both

party has frequently joined xenophobic and racist. In the forces with Christian Democrat 1960s and 1970s, elements of the party were linked to rightwing terrorism. More conservative members of the military also tend to gravitate towards

the party.

Against this, the MSI has been fully accepted as a parliamentary party since 1948. In parliament MSI deputies are extremely active and vociferous. Their concerns have ranged from defence issues to budgetary discipline. Unlike Europe, the MSI still formally esnouses the state corporatism pioneered by Mussolini.

Most commentators agree that the sudden swing to the MSI has little to with its policies. Especially in Naples and Rome, voters have deserted the Christian Democrats, Socialists, Social Democrats and Liberals in protest at the corruption they practised while running the country. The MSI itself has been caught in the scandals, but in a lesser way which has not damaged its

But this is not simply a protest vote. Many voters see in the MSI a new source of patronage. In the specific case of Rome, Mr Fini has won support because he looks a more

decisive figure than his rival. wing of the PDS. Surprisingly, little propaganda has been made of the more unsavoury MSI elements standing for the council. This may yet prove Mr Fini's weak point in Rome.

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French link pension reform to privatisation

By John Ridding in Paris

The French government is to introduce legislation to reform including introducing pension funds, by next spring, Mr Edmond Alphandery, the economy minister, said vesterday

The reform would aim to case the burden on the state

It would also provide a new channel of investment for the stock market and assist the government's ambitious privatisation programme.

"As long as privatisations are important, our country must have funds which have a large part of their holdings in shares," Mr Alphandery said, referring to the government's plans to sell 21 publicly-owned companies over the next five

The state pension system is currently under strong pressure as contributions from the workforce fall short of requirements for the country's

Pension reform would also

form part of the government's to divert funds the short-term from money market into the corporate sector.

"French companies have suffered from the tendency to invest in the money market rather than in stocks," said one banker.

"Reform of the pension system is long overdue" he

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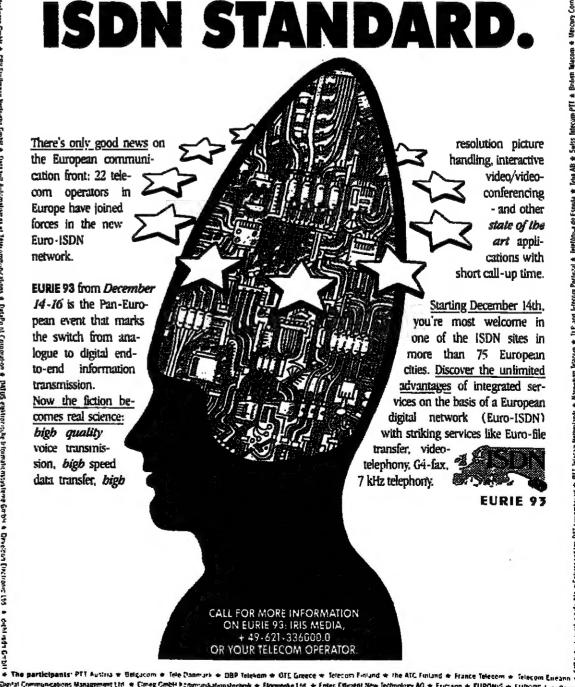
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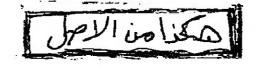
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THE HIGH





Bosnians say talks close to collapse

yesterday that talks on the republic's ethnic partition were on the brink of collapse because the Serbs had failed to make territorial concessions, writes Laura Silber in Geneva.

After a series of bilateral meetings on the two-way division of Sarajevo with their Bosnian Serb adversaries, Mr Mohamed Sacirbey, Bosnia's ambassador to the United Nations, said "it seems that the Serbs are not willing to give anything". However, Mr Radovan Karadzic, Bosnian Serb leader, said they were close to a settlement on the capital.

Michael Littlejohns adds from the UN: Mr Thorvald Stoltenberg, co-chairman with Lord Owen of the conference on former Yugoslavia, is being relieved of his other responsi-bilities as special representative of the UN secretary general. He will be succeeded by Mr Yasushi Akashi, whose direction of the recent UN peacekeeping operations in

Cambodia was widely praised.

A spokesman said Mr Stoltenberg's involvement in peace negotiations left too little time to discharge the duties of Unprofor chief of mission and

Former Italian spy chief held

Mr Maurizio Broccoletti, former head of Italy's domestic intelligence services, was arrested yesterday in Monte Carlo on an international warrant for alleged misuse of the organisation's funds, writes Robert Graham in Rome, Proceedings are under way for his

in another development, law-yers acting for Mr Franco Bernabe, head of Eni, the Italian state oil concern, said yesterday they would institute libel proceedings against Mr Alberto Grotti, a former senior executive. Mr Crotti claimed in a Milan court that Mr Bernabe had received a L7bn (\$4.2m) pay-off in the Enimont affair the reorganisation of the petrochemical industry between Eni

Cabinet changes in Portugal

Portugal's prime minister, Mr Anibal Cavaco Silva, appointed new ministers of finance, health, education and employment yesterday, Reuter reports

The new finance minister is Mr Eduanio Almeida Catroga, fessor. He replaces the highly unpopular Mr Jorge Braga de Macedo, who has presided over a slowdown in Portugal's once booming economy, growing unemployment and a mushmoming budget deficit.

Irish industrial output rises

Irish industrial output rose a sensonally adjusted 2.7 per cent in August after a 5 per cent mercase in July, Reuter reports from Dublin, Manufacturing production rose 1.2 per cent after a 49 per cent merease last menth

TV subsidy

The French covernment has carmarked a subsidy of FFroem (\$5.5m) for the troubled five-language Euronews television news channel in its supplementary budget for this year, Reuter reports.

Nato closer to military co-operation with eastern Europe



Nato conclave. In Brussels yesterday were (from left) Manfred Wörner, Nato secretary general, Luxembourg foreign minister Jacques
Poos, Niels Helveg Petersen, his Danish counterpart, and US secretary of state Warren Christopher

The North Atlantic Treaty Organisation yesterday moved closer to agreeing concrete plans for military co-operation with eastern European countries, amid a consensus that the alliance was not yet ready for the admission of new members, writes David White. Defence Correspondent, in

Mr Warren Christopher, US secretary of state, said-countries actively involved in the "partnership for peace" agreements proposed by Washington should have permanent representatives at Nato and join a special planning cell at Mons in Belgium, the site of Nato's European military headquar-

At a Nato foreign ministers' meeting he said-eastern European partners would train and exercise with Nato armies, and

dards and procedures. Joint action could include peace-keeping and humanitarian

Nato officials said the US proposal, due to be formally endorsed at an allied summit next month, received strong backing from the 16 allies. But at the same time there was manimity that enlargement of the alliance was "not on the immediate agenda".

In a bid to soothe Russian of Nato to former Warsaw Pact countries, Mr Douglas Hurd, British foreign secretary, emphasised the need for "a strong relationship" between Nato and Moscow.

Although the new plan is aimed at all countries of the former eastern bloc, the UK is understood to oppose forming a partnership agreement with Ukraine until it joints the

Treaty.
Allies have yet to agree on which other European countries may be included in the plan and on how partner nations would consult Nato in

a crisis. Mr Christopher said eastern European states would be expected to finance their involvement, but "some new Nato resources" would be needed. He added that the agreements "could be a key step towards Nato member-

Allies also backed a US proosal for Nato joint task forces to be formed for peacekeeping and other missions outside

These task forces would include units from France and Spain, which do not belong to Nato's integrated military

More detailed plans are due

Repo rate cut Parties try to fan east's fading fires Voter interest in Brandenburg's poll is low, writes Judy Dempsey

by cautious Bundesbank

By David Waller in Frankfurt

The Bundesbank surprised European financial markets yesterday by announcing a quarter of a percentage point cut in the securities repurchase agreement, the "repo" rate which determines money market interest rates, without delivering cuts in the "official" Lombard and discount rates.

Meeting for the penultimate time this year, the bank's policy-making council fixed the repo rate at 6 per cent for the next five weeks, down from 6.25 per cent.

Although markets were initially disappointed at the decision not to trim the internationally sensitive discount rate, the repo rate cut was enough to trigger easing in other European countries.

The Dutch and Belgian central banks announced they would cut rates from today, Dutch official rates will be cut by a quarter of a point and Belgian rates by between a quarter and half a point.

In Germany, economists said the move to maintain the repo rate at 6 per cent over the five weeks to January 5 maintained the momentum of cuts in German interest rates while still signalling caution about the

"It shows very clearly that

the will to cut interest rates further is very strong," said Mr Adolf Rosenstock, chief economist of the German arm of the Industrial Bank of Japan. "On the other hand it indicates that they have no wish to endanger their credibility as they may have done with a large cut in the discount rate."

Mr Kermit Schoenholtz, at Salomon Brothers International in London, said the move "sets the stage for another official rate cut, most likely in early 1994 if not

background of slowing inflation and economic stagnation in Germany, conditions condu cive to further rate cuts. The rate of growth in broad money, the M3 indicator watched as an indicator of inflationary develents, is slowing but is still outside the target range.
The Bundesbank's policy-

making council will set its target for M3 growth at its meeting on December 16. In November, M3 grew at an annualised, seasonally adjusted rate of 6.8 per cent, above the central bank's 6.5 per cent ceiling.

all citizens to participate." east German state of Brandenburg may disburg's prime minister and an east German, keeps returning to this theme in his speeches: agree with one another on many issues, but one concern unites them: fear of a low turn-out in next Sunday's local gov-"Voting matters. It will strengthen democracy. If you throw away your vote, others ernment elections, the first since unification. More than 30 will make the decisions." per cent of the electorate have What has compounded the

will vote for - or even if they will vote at all You would imagine people would jump at the chance to vote," says Mr Thomas Klein. general secretary of the opposi tion Christian Democratic

yet to decide which party they

His party needs all the votes it can muster. A recent opinion poll gave it only 9 per cent, compared to 29.4 per cent in 1990's state elections. The Free Democrats, the CDU's junior artner in the Bonn coalition, is expected to get a miserable 3 per cent, compared to 6.6 per cent in 1990.

"These polls, and the election results, are a signal for the way in which eastern Germany could vote in next year's state and federal elections." says Mr Klein, who helped organise the CDU's 1990 campaign in Brandenburg.

Social Democrats in Brandenburg, the only one of the five eastern states the party controls, are expected to win 36 per cent of the vote, slightly less than in 1990. But party chances. Election posters drum Mr Manfred Stolpe, Branden-Mr Wolfgang Thierse, an east

Candidates for election are hard to find

fear of a poor turnout is the low level of political participa-tion. "Here in Brandenburg, elections cannot be held in one in five local communities and councils because we can't find a candidate. Nobody wants to stand," says Mr Klein.

"There are all sorts of reasons for this strange phenome-non," he adds. "People were forced to participate politically over the past 40 years. Many aspects of their lives were politicised." This partly explains low membership of political parties. The SPD has 6,000 paid-up members, the

3,000, Greens 750, and the Party of Democratic Socialists (PDS), or reformed Communists, has 20,000, 90 per cent of them for-

Berliner and a senior member of the SPD, says. This is a worrying trend. We are finding it difficult to create new, local political elites, not only in Brandenburg but throughout sastern Germany. It will take time. But the political parties themselves must work harder at local level. What worries the established

parties is that a low turnout

will play into the hand of the PDS. It is not that they expect a return to Socialist-de governments, even at the local level. "What it means," says a ior SPD official, "is that the PDS could have a bargaining position when it comes to forming coalition local government councils, and that's a slap in the face for the centre and the old status quo. Unless the CDU and SPD join forces." Indeed, the PDS, which ty's organisation and structure, might even take Potsdam. the state capital, from the SPD.



Says Mr Lothar Nicht PDS party manager in Brandenburg: "People all know us. We are all locals." More than 90 per cent of the party's 23,000 paid-up members are former Communists. In Mr Nicht's view there is no need to defend his party's record before unification. "The PDS has now bro-

ken with the past." The far right, consisting of the Republicans and the Democratic League, have only eight candidates standing in three towns. "We don't expect them to play a big role," says Mr Klein. But officials across the

political spectrum say the inhabitants of these towns, which include Eisenhüttenstadt, whose loss-making steel mill threatens further redundancies, and the lignite mines near Cottbus, could be vulnerable to the populist slogans of the extreme right and the PDS. According to Ms Petra Weissflog, spokeswoman for the Greens/Bundis 90; "People don't trust the politicians. . . They are also disappointed with unification, especially the high level of unemployment. They do not have much of a perspective. They have other things to think about besides listening to politicians who cannot deliver on their promises." Brandenburg's unemployment rate is nearly 20 per

one?" asks Mr Horst Wegner, a 39-year-old lorry driver. "Look at those Wessis [westerners] running Saxony-Anhalt, and fiddling their expenses. They don't need the money. And we don't need them. If I bother to vote, it will for one of us, and Whether that meant voting for the far right, the PDS or Mi

Smoke of battle masks gains for EU contenders

David Gardner on the stormy membership talks

countries negotiating Union over the Commission's plans to deal with their higher farm subsidies is obscuring the benefits of the proposed scheme for both sides - as Brussels officials anticipated and some negotiators for the four applicants are coming to

realise The Commission last week saul it wanted to align farm prices in Austria, Sweden, Pinand and Norway with EU levels immediately they enter the Union. Agriculture subsidies among the four applicants range from 25 per cent higher than EU prices in Austria, to nearly 100 per cent more in Norway. The difference would he paid through direct compensation to farmers, with the bill picked up by the applicant

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countries, the Commission for negotiation, in relation to

The sensitive farm issue could make or break the accession negotiations, especially for Finland, Austria and Norway. All the applicants insist special treatment for their Arctic and Alpine farmers for a mixture of social, national security, cultural and environmental reasons as much as for economic considerations. The Nordie countries, in particular, are determined to keep as much of their population as possible in their empty and inhospitable northern territo-ries, through lavish farm and

With the partial exception of Sweden, which has already brought its farm subsidy regime closer to EU levels, the applicants reject EU sugges-tions that alignment should be immediate and that they alone should pay their farmers the difference without help from the Union budget.

The row has already swung Finnish public opinion marginally against EU entry (41 per cent opposed, 36 per cent for and 23 per cent undecided) for the first time since the Danes rejected the Maastricht treaty their first referendum on it in June 1992. This turn around is particularly alarming because Finland is the only one of the four countries which EU negotiators were practically certain would get entry past its voters.

Yet negotiators on both sides in Brussels seem hardly fussed by the controversy, and there are good reasons why.

Neither the Commission nor the Council of Ministers of the Twelve could have been expected to go into a negotiation essentially about money by proffering a cheque up-front. nior EU officials know full well that the Brussels budget will have to pick up a portion of the farm compensation costs estimated at Ecu2.2bn (£1.7bn) for the four countries as a whole. The only question

how much the four rich applicants but into the EU budget. As things stand, taxpavers and consumers in the applicant countries foot the entire bill for their expensive food. Under the Commission proposal, consumers stand to gain from

lower prices, and treasuries

will gain from an EU subven-

tion, however much it is. The four applicants and the Twelve had nothing to gain from the alternative scheme. used in all previous European enlargements. This was to iron out all price differences through levies raised at the border until alignment was completed. But that route, defended by DG6, the Brussels agriculture directorate, uires the retention of borders for the new entrants, and

would compromise the EU's single market. Moreover, if the Uruguay Round is concluded this month, the four applicants will have to cut their level of farm subsidy by about a third over the next six years. The Com mission's proposal for direct compensation payments to farmers - exempted from the Gatt cuts under last year's EU-US Blair House accord would by contrast protect Nordic and Alpine farmers' incomes from the cuts, Brussels officials say.

These arguments, in the Brussels view, should be saleable to the applicant countries electorates. In presentational terms, a persistent worry throughout the accession negotiations has been that applicant governments would be seen as selling out their national interests if they fell in too readily with EU require-

The way the farm subsidy controversy has now been set up should suit their purposes. not only will they almost certainly win tangible concessions, but they will be seen to have given battle and to have

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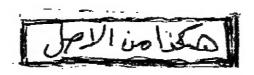
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25-26/8 1/12

China has told Britain that it

will break off talks about Hong

Kong's political development if

Mr Patten tables his first-stage

bill. Such a threat will no

doubt unsettle public opinion

and the business community,

but on these narrow issues Bei-

jing's threats are unlikely to

persuade Legco members not

to support it. So Mr Patten can feel rela-

tively confident that he has

this support. There is no politi-

cal party in LegCo with a rep-

members that opposes these

Conservative members, nota-

bly those aligned with the Lib-

eral party, will no doubt come

under pressure from the Xin-

hua news agency, Beijing's bul-

wark in the colony, to oppose the governor's bill. But Mr

Allen Lee, the Liberal leader,

has said publicly too often that

his party supports the mea-

sures contained in the first-

entation greater than two



PLO wants US help in talks

By David Horovitz in Jerusalem

Just a week and a half before the scheduled start of Israel's troop withdrawal from the Gaza and Jericho areas, the Palestine Liberation Organisation yesterday called on the US to help break the impasse in autonomy negotiations, warning that the December 13 deadline for the start of autonomy

Israeli officials, by contrast, strenuously played down any talk of a crisis, with Prime Minister Yitzhak Rabin insisting that a delay of a few weeks would not be too serious, and reiterating Israel's commitment to completing its military pullout by next April.

Crucial autonomy questions

concerning the size of the

Jericho autonomous region, how the army will redeploy in Gaza to protect Jewish settlers there, responsibility for border crossings, and more - have yet to be resolved at the Cairo Israeli-PLO negotiations. Mr Nabil Sha'ath, chief PLO

negotiator, left the Egyptian capital vesterday for Tunis declaring the Israelis were deliberately angling for an 11th-hour deal "in an attempt to reap the maximum bene-

Mr Sha'ath said the Cairo talks would resume on Sunday. He also claimed that Mr Rabin and Mr Yassir Arafat, PLO

cent of respondents predicting

the increased certainty and

children or grandchildren.

chairman, had agreed to meet on December 12 to finalise the autonomy deal. In Israel, there was no confirmation of this.

The PLO's appeal for American intervention, which came at the end of a two-day leadership meeting in Tunis, may well be answered. Mr Warren Christopher, US secretary of state, is due to begin a Middle East visit today. Mr Sha'ath said Mr Christopher would meet Mr Arasat in Amman on Monday, and again in Tunis later in the week

In the occupied territories themselves, meanwhile, Israeli troops shot and wounded two Palestinians in a car near Gaza tlers rioted in the Arab West

shots into the air and smashing house and car windows. Settlers also blocked many

West Bank roads early in the morning, in demonstrations that followed Wednesday's killing of a Jerusalem kindergarten teacher on the main road of the West Bank town of al-Birah. Three other Israelis were also shot in the same incident, and one of them. Yitzhak Weinstock, died of his injuries yesterday.

He was the 15th Israeli killed since the Israeli-PLO Declaration of Principles was signed in Washington on September 13. More than 30 Palestinians have been killed

Patten bears in mind where his popularity comes from

Simon Holberton on limits to governor's room to move

f there was one thing which came out of Gover-nor Chris Patten's speech to Hong Kong's Legislative Council yesterday it was the attention he and his top advisers pay to public opinion in the

Hong Kong's willingness to stick by Mr Patten, in open opposition to China's wishes, has become a limiting factor on the governor's room to manoeuvre and partly explains why yesterday he said he would be introducing only part of his democracy plans on December 15, leaving the more contentious issues to a later

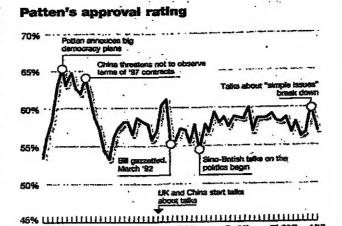
The governor told LegCo his administration would introduce a bill to: lower Hong Kong's voting age to 18 from 21 years;

 abolish appointments to tions for district boards and municipal councils would be conducted on a fully democratic basis in 1994 and 1995; allow Hong Kong delegates to "people's congresses", the mainland's rubber-stamping

legislatures, to stand for election in Hong Kong;
• legislate for a third of Leg-Co's 60 seats to be drawn from 20 single-member constituen-

Mr Patten is fond of pointing out that his colleagues in the British government would die for his popularity ratings. But this disguises a shrewder calculation: that a Hong Kong governor's popularity is only skin deep, especially just 31/4 years away from the resump-

tion of Chinese sovereignty. The governor admitted as much when asked what he would put in this yet-to-bedrafted second bill. Would it be his original 1992 proposals for broadening the democratic



Hong Kong's community would choose the latter.

27-28/1

offer made during talks at which he backed away from those plans? We've got to try to find the

franchise, or the compromise

17-18/11

broadest ground on which to pitch our tents," he said. His close aide on constitutional matters, Mr Michael Sze. secretary for constitutional affairs, stressed this point when commenting on why Mr Patten had decided to wait 11 days to table the first bill.

'As a local citizen of Hong Kong. I think the community. especially in light of its reaction to March 12, would expect us to act in a measured manner," he said.

This is a reference to the momentary evaporation of public support when Mr Patten went to the wall last March for Hong Kong representation - especially Mr Sze's - at bilateral talks about the colony's political future. Opinion polls showed that if faced with a choice between representation at the talks or negotiations,

Beiling will also run the risk sening with also run the resk of looking wholly unreasonable if it opposes the first bill, espe-cially given that it allows Hong-Kong delegates to its own National People's Congress and other congresses to serve on LegCo. Hong Kong law currently prohibits those serving in a legislature of another territory from standing for public

stage bill for them to back

packing in

I aid drive

Where Mr Patten's difficulties will lie, and where China's influence in LegCo is predominant, is on measures which will be included in the second bill, which goes to the heart of Mr Patten's attempt to increase democracy in Hong Kong. These concern broaden-ing the franchise in LegCo's 30 functional constituencies" (industry votes) and possibly on the structure of an election committee that will nomina 10 members to the 1995 LegCa. However, Beijing's velled threat yesterday to harm Hong

Kong's economy will unsettle the stock market. And in the coming weeks the governor may find that he receives indirect support from a source that is usually opposed to his plane: the business community. Many of China's advisers are

leading tycoons in the colony; many of the children of China's most senior leaders have. or manage, large family investments in Hong Kong. This coalition of forces opposes what Mr Patten wants to do. but it also has a keen sense of its and China's economic self-interest

The business lobby has proved powerful in the past in staying the hand of those in the Chinese leadership who might have been tempted to act before they think. It may yet prove successful again.

Business favours President Mandela

By Philip Gawith

Most of South Africa's senior businessmen would like to see Mr Nelson Mandela, the African National Congress leader, as president of South Africa, and they are overwhelmingly optimistic about the future. These are the somewhat sur-

prising findings of a survey of top business people conducted can Chamber of Business, the Weekly Mail and Guardian newspaper, and the South African Broadcasting Corpora-

Professor Mark Orkin of the Community Agency for Social Enquiry, who conducted the research, said it showed top business figures "have already embraced the political future and are optimistic about the business prospects heralded by an ANC-led government".

The core finding is optimism

attend talks about the future, with 85 per

an optimistic future for their In the short term, 87 per cent of respondents felt the outlook for business was improving and 71 per cent felt it would improve further after the election. The main reason offered reports from Addis Ababa. for short-term optimism was

stability that would follow an A surprising finding was that 68 per cent of respondents said they would "most like" Mr Mandela for president. This President F W de Klerk and no support for Chief Buthelezi,

Another person to get the thumbs-up was the finance minister, Mr Derek Keys, with 89 per cent of the sample saying he should stay in the job

leader of the inkatha Freedom

UN report paints grim picture for disabled

The world's 290m disabled people suffer appalling discrim-ination, abuse and neglect and in developing countries only 3 per cent of those in need receive conventional rehabilitation services, according a United Nations report published today*.

The report, timed to coincide with the first UN International Day of Disabled Persons, says the number of people with severe or moderate disabilities is expected to double to 573m by the year 2025 because of rising population and increasing numbers of old people, from 5.5 per cent of the total population to 6.7 per cent. Of these, 435m will live in

developing countries, com-pared with 200m today. Every fourth family in a developing country has a disabled family

die early from neglect. Providing professional reha bilitation services for all who need them in developing countries would even now cost \$60bn or \$1,000 per person, the report notes. Providing home helps for the increased number of elderly in rich nations could cost 13 per cent of total

In some countries babies born with a disability are put to

death. Disabled children often

national income by 2025. Dr Einar Helander, the report's author, argues instead for a "common-sense" community-based approach within a national framework. "We have to create a caring society," he says. "The family and the community are the best resource."

Aideed to

arrived in Ethiopia aboard a

told reporters Gen Aideed life would not be in danger.

end Mahathir row

Mr Paul Keating, Australia's prime minister, yesterday sought to defuse the row between Australia and Malaysia, by writing to Dr Mahathir Mohamad saying his recent description of the Malaysian leader as "recalcitrant" was not calculated to give offence,

remarks in response to ques-tions about Dr Mahathir's nonappearance at the recent Apec leaders' summit in Seattle. Since then, the affair has got worse. Last weekend, Malaysia banned Australian television programmes and commercials: this week, it stopped future government scholarship hold-

Somalia's most powerful warlord, Mohammed Farah Aideed, gave a big boost to peace hopes for his shattered country yesterday by ending a boycott and flying to talks with his main rival. Reuter

Gen Aideed, who had said he would not attend because he feared the United Nations or US aircraft for talks that will include his arch-foe. Ali Mabdi

A UN spokesman in Somalia agreed to attend the talks after the US, whose troops had scoured Mogadishu to try to arrest him, assured him his

Keating seeks to

W Australia defiant The Western Australian gov-ernment yesterday passed its rebel land rights legislation putting it on a direct collision course with the federal government, which is still trying to get its own native title bill through the Senate, Nikki Tait

OECD urges Japan to reform finance

By William Dawkins in Tokyo

Japan must make radical financial reforms and curb regulations that cause artificially high prices if it is to achieve sustainable non-inflationary growth.

A gradual rise in taxes and social security contributions will also be needed to prevent an explosion of public debt. as an ageing population drains the social security budget and reduces government income These are the sobering con-

clusions of yesterday's annual

report on Japan by the Organisation of Economic Co-operation and Development, which adds intellectual authority to Prime Minister Morihiro Hosokawa's attempts to achieve deregulation against resistance from powerful vested interests. It also backs up the Finance Ministry's campaign for a wide-ranging tax reform to spread the burden of income tax more widely and to obtain a greater share of tax revenues

from consumption tax. Like the Japanese govern-

ment, the OECD was wrongfooted by the strength of the recession. The report predicts zero growth in gross domestic product this year, down from

Morita: brain haemorrhage

Nikki Tait writes from Sydney. Mr Keating made bis ers from going to Australia.

JAPANESE ECONOMY Annual % change 1993 Gross domestic product Consumer prices

its original 2.5 per cent growth forecast, and forecasts that the economy will grow by 1.4 per But since the report was

officials have downgraded their forecasts again, to less than zero growth this year and well below 1 per cent next. Developments since the preparation of the report have been significant," said Mr Kumi Shi-gehara, the OECD's chief economist, yesterday.

Unlike previous recessions. this one was caused by domestic upsets - the unsustainable asset price and investment boom of the late 1980s - which take time to put right, says the report. The yen's unexpected strength this year added a new

Unemployment will rise from 2.5 per cent this year to 2.9 per cent next, while inflation will slow from 1 per cent this year to 0.4 per cent, forecasts the

OECD. The balance of payments surplus, will peak at a record \$140.8bn (£94.6bn) this year and recede slightly to

import targets to reduce the surplus is dangerous because such targets would encourage cartels and distract efforts to deregulate and boost competition in sheltered industries, the OECD warns. The weakness of the banking

system, hit by the need to write off a growing pile of bad debts, has not so far proved a serious restraint on recovery. because demand for credit has been even weaker than supply, despite the Bank of Japan's cuts in the official discount rate to new lows. But the OECD fears the banks' cost of own funds could rise as they exhaust sources of capital, so driving up corporate finance

A sustained stock market

rise would relieve the squeeze on the banks' capital base. One answer would be to make the stock market more attractive to individuals by improving corporate disclosure, increasing dividends and deregulating commission rates, says the OECD.

The key to stimulating domestic demand - set to grow by a mere 0.1 per cent this year - in the medium term is to sweep away regulations that distort land, housing and food reduce Japan's high savings rate, criticised by trade part-ners as a factor in the high trade surplus, the organisation

The study says the government should derive a higher proportion of state income from consumption tax. It stops short of calling for a substantial income tax cut, seen by Japanese business lobbies as the only way to stimulate demand, though it does believe income tax schedules for heavily taxed middle-income earners could be reduced.

Today, the Japanese government gets 68.3 per cent of its tax revenues from income tax - as against the 38.5 per cent OECD average. The burden on income tax payers will

minister in the current

a more internationally open

Japan and an outspoken

opponent of US criticisms of

Japanese trade policles. He is

also a tough critic of

people over 65 rises from just over 12 per cent now to 25.5 per cent in 2020. There would be scope for a reduction in rates if the income tax base was widened, to include "more effective" taxes on capital gains.

Consumption tax, at 3 per cent is very low by international standards, and inefficiently collected. Simplified consumption tax accounting rules for businesses were introduced to make this tax less 1988, but the 60 per cent of traders which qualify for simplified procedures tend to underpay. So the simplifications should be phased out and consumption tax should play a bigger role, as originally intended, suggests the OECD.

Tax reform is all the more pressing because the governent's balance sheet is less bealthy than the official figures suggest, warns the OECD. It expects the general government balance to move to a deficit of 1 per cent of gross domestic product this year - against

a 3 per cent surplus in 1991. OECD Economic Surveys JAPAN. OECD, 2 rue Andre-Pascal, 75775 Paris Cedex 16, France. FFr 110 for orders out-



Illness forces Sony's Morita aside

By William Dawkins

Mr Akio Morita, chairman of Sony, and Japan's best known international business ambassador, has temporarily given up business activities as result of a brain

Sony announced the move yesterday, two days after Mr hospital after collapsing while playing tennis at home. This will have little impact on Sony's day-to-day operations, since he handed over the group presidency - the top executive job - to Mr Norio Obga four years ago. But it could upset the

balance of power at the top of business community at a moment when its influence on government policy is growing. Mr Morita was expected to succeed Mr Gaishi Hiraiwa, chairman of the Keidanren employers' association and head of a government advisory panel on deregulation, next

It would take some time for Mr Morita to recover, but there was no indication that he would give up business activities, said Mr Tsunao Hashimoto, vice president of Sony, denying suggestions that Mr Mortta had resigned Mr Morita, said to have

management weaknesses at Sony's US and European The heir to a family sake-brewing business in Nagoya, Mr Morita built up Tokyo Telecommunications Engineering Corporation after the war, with his partner, the engineer Mr Masaru Ibuka.

They later named the group Sony, based on the Latin for being the marketing force behind Sony innovations from the tape recorder to the Walkman, and providing the inspiration for Sony's move into the entertainment software business, with the acquisitions of CBS Records in 1988 and Columbia Pictures of

Hollywood in 1989. Mr Morita also ensured that Sony was the first to move into home video recorders. But it stuck to its Betamax system long after it was clear that the competing VHS system, developed by JVC, had captured the market - often cited as an example of Mr



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Yucatán fa

Congress backing sought in foreign aid drive

By George Graham in Washington

Clinton administration officials are due to meet congressional leaders today to launch months of discussion on an overhaul of US foreign aid structures and procedures.

Mr Brian Atwood, adminis trator of the US Agency for International Development (AID), is expected to brief senior members of Congress on the draft legislation the administration has submitted to simplify aid programmes and con-centrate US foreign aid on a limited number of strategic

The administration hopes to pass the bill in Congress's next session, early next year, rewriting a 1961 law.

Under current law, AID pursues 33 separate goals and 75 priority areas. Instead of this scattered approach, the administration wants to focus on health, population control, the environment, economic growth and democracy.

Mr Atwood said he hoped discussions over the next few months could bring consensus on the sort of reform needed There is no doubt that there is a consensus that we've got to reform our aid programme," Mr Atwood said in Washington at a meeting arranged by the newspaper USA Today Interna-

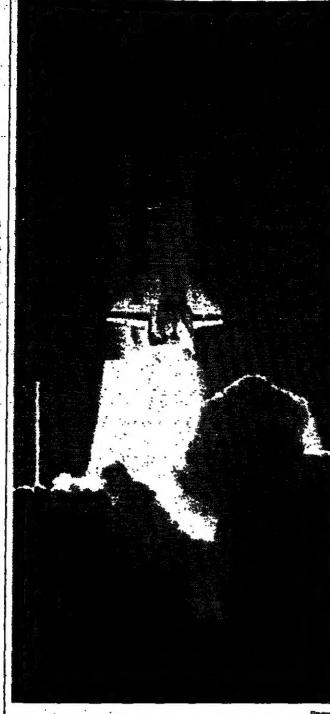
In the draft proposals submitted to Congress, the administration asks for more flexibility to deal with changing situations, instead of the "earmarks" attached by members of Congress to foreign aid bills to stipulate exactly where AID must spend its money.

AID will reduce its

operations to around 50 countries, eliminating some whose economies have developed beyond the point where they need concessional assistance and tying aid to recipients' per-

Mr Atwood has already announced closure of 21 AID field missions in countries such as Argentina, Chile, Ivory Coast and Zaire, either because they are now deemed creditworthy on their own or because they are considered poor partners in development" until their undemocratic governments change their poli-

Nevertheless, the US will continue to aid a dozen countries for more strategic reasons, Israel and Egypt, biggest aid recipients today, will continue to receive money, as will the former Soviet Union.



The space shuttle being launched from Cape Canaveral yesterday

Probe at Johnson Space Centre

Federal agents posing as corrupt contractors have begun a wide-ranging investigation into charges of fraud and kickbacks at the US space agency's Johnson Space Centre, law enforcement officials said yesterday, Reuter reports from Houston.

The investigation has targeted several large government contractors, employees of the National Aeronautics and Space Administration and more than a dozen employees of private companies, the officials said.

However, the officials were unable to confirm reports that the case may involve an astro nant. The FBI allegedly shot videotapes of contractors accepting cash to set up illegal deals with Nasa.

According to local media reports, those caught in the scheme, in which payments reportedly amounted to tens of usands of dollars, include contractors and vendors as well as an astronaut.

The investigation was described as the biggest probe into allegations of government contract corruption since "Operation III Wind", a mas-sive FBI investigation in the late 1980s into bribery and other wrong-doing in the Pen-

tagon's procurement system. Word of the investigation came as Nasa launched the space shuttle Endeavour yesterday on a mission to repair the Hubble Space Telescope – a mission that officials also hoped would improve the agency's already sagging reputation after a recent string of

The US Attorney General's office in Houston declined to comment on the investigation.

Chile 'bored by democracy'

David Pilling on indifference to coming national elections

Pinochet's greatest legacy may

have been 'de-politicisation' of

a once polemical nation

fter only four years of A it. Chileans appear to be taking democracy for granted. With presidential and parliamentary elections due this month, 47 per cent of the electorate declare themselves either "indifferent to" or "bored with" politics, according to the results of a nationwide poll.

If responses such as "no con-fidence" or "don't know" are added, the percentage of those disgruntled with politics reaches 75. Furthermore, the Centre for the Study of Contemporary Reality, which organised the poll, predicts that 10 per cent of registered voters (who are obliged by law to vote) will spoil their ballot

"If this trend continues," says Mrs Marta Lagos, director of Cerc, "it would mean a significant change in our political culture, which formerly displayed a strong tendency towards participation in all types of electoral activity."

Such indifference is difficult to fathom in a nation denied access to democratic institutions for 17 years of military rule. Some commentators argue that democratic habits take time to be re-learned, while others believe that General Augusto Pinochet's most important legacy has been the "de-politicisation" of a once polemical nation.

The elections of December 11 which should result three months later in the first handover from one democratic government to another since Salvador Allende became president in 1970 - are hardly designed to animate a bored populace. The result - a victory for Mr Eduardo Frei, candidate of the governing Concertación coalition - has been a foregone conclusion for months, given the relative popularity of the current administration and ideological disarray

on the right. All recent polls give Mr Frei about 60 per cent of the vote against less than 20 per cent for his nearest rival, Mr Arturo Alessandri, candidate of the right-wing Union for Chilean Progress. The remaining four presidential candidates score about 10 per cent between them, with another 10 per cent

Mrs Lagos believes that the polls falsely inflate the Concertación vote at the expense of support for Mr Alessandri whom she expects to poll 26-30 per cent on December 11. How-ever, she is certain Mr Frei will

do enough to avoid run-off

elections in February. He

needs to win more than 50 per

will be few changes in the

make-up of congress. As things stand, the Concertación has 58

per cent of deputies and 48 per

cent of senators. This has

proved enough to govern, but

not to push through controver-

sial legislation or to amend

Gen Pinochet's 1980 constitu-

tion, which awards dispropor-

tionate power to the right-wing

are unlikely given the absence

of stirring issues. In 1989 Chil-

eans chose between politicians

who had aligned themselves

with the military regime and

those who had led the cam-

Dramatic shifts in allegiance

upposition

Mrs Lagos also believes there

paign for a return to democ-

By contrast, in this year's campaign it is difficult to distinguish among the views of mainstream candidates. All of them support continuation of the neo-liberal economic model and express the same concerns over perceived social ills.

For the most part, the issues that do provoke electoral interest - such as poverty, poor housing, unemployment and crises in the health and education systems - are those where the right is considered weakest. Part of the electorate may be disgruntled with the Concertación's performance in these areas but, other than

feels it has little alternative

but to support the status

right is considered more com-

petent is that of battling crime.

According to Cerc findings, a

quarter of the population

believes that the spread of

delinquency is the nation's big-

gest problem, although con-

crete evidence suggests crime may actually be falling. Never-theless, Mr Alessandri is cam-

suggesting that Concertación

policies have led to a break-

Of the alternative candi-

dates, the ideas of environmen-

appear to have struck the loud-

est chord. Although Mr Max-

Neel, who derides what he sees

down of law and order.

The one area in which the

as Chile's blind pursuit of economic growth, is polling only about 3 per cent. Cerc believes he could attract 5 per cent of

the final vote. The other three candidates are Father Eugenio Pizarro. representing the communistled Mida coalition, Mr Cristian Reitze, candidate of a green-humanist coalition, and Mr José Pinera, a former minister of Gen Pinochet and independent

right-wing candidate. Such diversity of opinions is unlikely to have much effect on the outcome, especially since the constitution is designed to reward coalitions and punish small parties. Furthermore, Chile's recent turbulent history seems not to have affected basic political alle-giances which divide the population into roughly equal blocks of left, centre and

If the result of the poll is in little doubt, one thing remains shrouded in mystery. With less than 30 days to go before elec-tions, it is still not clear how long Chile's next president will serve. Various attempts to cut the presidential term from its current eight years have foundered on the rocks of

party bickering. Mr Frei has said that, if elected, he would ask congress to reduce the period to four years. But, he warned, if parliament could not agree to do so by March 1994, when the new administration takes over. he felt disposed to serve out his full eight years.

paigning hard on the issue, There is certain to be public pressure for congress to put aside its differences and cut the presidential term. For an electorate already bored with its politicians, the prospect of talist Mr Manfred Max-Neef having the same president for eight years is not a thrilling

US spending trend could slow growth

By Michael Prowse in Washington

US consumer spending is growing faster than personal incomes, suggesting the pace of economic growth could moderate in the first half of next year as people rebuild depleted savings, official figures indicated vesterday. The Commerce Department

0.4 per cent in real terms between September and October, twice the rate of growth of real, after-tax personal

In the past year, real spending has grown by 3.2 per cent against a 1.8 per cent increase

Yucatán faces political turmoil

The personal savings rate fell to 3.7 per cent in October, against an average of 5.3 per

Figures for new home sales in October indicated the housing recovery, while strong, was a little less robust than previously estimated.

New home sales fell 6.5 per cent between September and October to a seasonally tember was revised down to show a gain of 14.8 per cent rather than the initially reported 20.8 per cent. In the first 10 months of the year, new homes sales were up 6 per cent from the same period last

Be sure to stay warm this winter.

In Maxico City

The Mexican state of Yucatan has fallen into political turmoil after last Sunday's disputed elections for governor, in which independent observers and the opposition alleged

widespread fraud. Ms Dulce Maria Sauri - the governor of Yucatan and a member of Mexico's ruling Institutional Revolutionary party - 16 members of her cabinet, and a federal deputy submitted their resignations on Wednesday. The governor said she was unable to carry out her responsibilities as head of the state executive.

The opposition is planning further protests at what it and independent observers claim was widespread fraud. It demanded that the elections be annulled and held again next

While the government-controlled state election commission had not given out official results by yesterday morning, vincing victory in the gubernatorial election. In the election for mayor of Mérida, the state capital, both the PRI and the opposition said they were ahead. Diario Yucatán, an independent newspaper in Mérida, said the governor resigned after officials in Mexico City asked her to concede to the centre-right opposition the

election for mayor in Mérida.

irregularities in a random sample of 250 voting booths, out of a total 1,400. In 115 of the booths there was no guarantee of a secret vote; in 101 there was pressure to vote for the ruling party; some 292 people voted without credentials; and 292 who wanted to vote could not. Under state law, if there are irregularities in more than 20 per cent of the voting booths, elections have to be

"Nobody at this moment can sure that the elections were legitimate," said Mr Julio Faesler, president of Council for Democracy. "The situation is in sharp contrast to the promises of democracy made at the

Over the years, the Canary Islands' climate of "eternal spring" has excited the

desert island fantasies of many visitors. Columbus

included • He wintered quite happily on Gran Canaria

the New World • An altogether briefer voyage of discovery away to the west lies Tenerife • Another short hop to the east and you'll land on Fuerteventura . More easterly and yet more unusual is the island of Lanzarote • And as the islands get smaller, their appeal and diversity show no signs of diminishing. There's La Palma, the green island. The almost circular Comera. And Hierro, island of ash cones • Each

one offering a warm welcome to all life's explorers. From January to December.



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'Gatt failure would reopen group to old disputes'

By David Buchan in Paris

Failure to reach a Gatt agreement "would dash economic confidence and reopen disputes supposedly settled as part of the Uruguay Round negotiations", a senior US official told a trade conference in Paris yesterday.

Mrs Joan Spero, US undersecretary of state for economic and agricultural offairs. warned that in particular the arrangement which the US and the European Union reached in June on oilseeds might come unstuck if the Gatt round

She also said Europe's common agricultural policy "could be challenged in the Gatt or by private parties under domestic

On culture, the other main sticking point between the US and France, Mrs Spero said

backfire against "European producers, directors, writers actors, cinematographers who are a major force in American films". Such European artists might lose these opportunities in the US, she said

Nevertheless, the US official said, "the noises coming from the Brussels negotiations are good." She said the US believed its Blair House agreement with the EU "is the basis upon which the Uruguay Round can he concluded", apparently indicating that Washington is not adhering to every last detail of an accord which

France has hotly contested. Mr François Perigot, president of the French employers' federation, told the conference that "nothing would be worse than the failure of seven years of negotiation" in the Uruguay

Trade officials encouraged by progress in talks

By Frances Williams in Geneva

Trade officials in Geneva yesterday were philosophical about the lack of concrete results in the Gatt negotiations and said they were encouraged by reports of progress, "They do seem to be coming to some specific results," said one. "If we get something on Monday, that would just about fit in with the negotiating timetable, though there will be a lot of work to do next week."

Officials at Gatt headquarters said Mr Peter Sutherland, close touch with the US and EU negotiators, but he declined

The relatively upbeat mood among officials appears to reflect a belief that the setting of fresh US-EU talks for Monday partly reflected Sir Leon Brittan's wish to avoid presenting a druft accord to EU ministers at last night's special council meeting, as demanded by France. This in effect prevents Paris putting a spoke in the wheel of the Uruguay

they conclude on December 15. Nonetheless, there will be disappointment among trading partners that US-EU differences over market access for goods and services could not be resolved before today's key meeting in Geneva to evaluate

the results in the round so far. Although it is already clear that the Uruguay Round target of one-third tariff cuts is likely to be exceeded, overall gains from the round still remain heavily dependent on what the two trading giants decide to give each other, for instance, on textiles, fish, non-ferrous metals and electronics.

In addition, the two side have not yet resolved differences over financial services maritime transport and audio

visual services Trade officials said that intensive negotiations on all aspects of the round would continue through the weekend on the assumption that a US-EU deal was close. "The rest of the process is in reasonably good shape for the final bargaining." sald a senior Round negotiations before trade diplomat.

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Home Loan Rate

The crace will also be applied to LL soft Private Bons as Lamited.
 The APP Assets of this into asymptomy additional charges tog arrange.

New Budget Account

Spanish link with partners

By Ronald van de Krol

Telefónica, the Spanish telecommunications operator, said yesterday it planned to enter into "intensive co-operation" with Unisource, the joint venture linking the telecom companies of the Netherlands, Sweden and Switzerland.

The move is widely regarded as a first step towards Telefonica's taking an equity stake in Unisource, which is aimed at providing one-stop telecommunications services to the world's multinationals.

PTT Telecom, the Dutch shareholder in Unisource, said: "We don't rule out the possibil-ity that Telefonica will become a shareholder at a later stage." Unisource is fighting to establish itself in the field of "outsourcing" in direct compe-tition with similar ventures by AT&T, British Telecom, Deutsche Telekom and France Tele-

Its co-operation with Telefonica will be exclusive, meaning that the Spanish company will not be able to enter into deals with Unisource's competitors. In October, Unisource concluded a non-exclusive alliance with Kokusai Denshin Denwa, Japan's biggest telephone oper-ator, which left the Japanese company free to continue its involvement in the "Worldource" venture launched by AT&T in the spring.

Under a co-operation agree-ment signed yesterday, Telefónica will provide customer support to Unisource's clients in Spain, while the Unisource partners will look after Telefónica's clients outside

The agreement with Telefonica is important to Unisource because it opens up southern Europe and provides access to markets in Latin America. Telefónica has holdings in tele-com operators in Chile, Argentina and Puerto Rico.

"The agreement marks a vital step in the internationalisation of Telefónica and the positioning of Unisource as a eading pan-European telecommunications supplier," Unisource said.

Unisource is continuing to look for a possible equity part-ner on the North American market. A commercial agreement with Sprint, the US carrier, on the use of telephone lines is set to expire at the end

18.8%

6.6%

19.5%

26.8%

APR"

8.1%

0.54%

1.50%

2.00%

7.74%

Campaign for market access runs into mounting criticism

telephone US pressure over cars irks Tokyo

Criticism of the US approach to opening up Japan's market to foreign cars and car parts is mounting in Tokyo, as the two countries still remain wide apart on key issues in their bilateral trade and economic framework talks.

In a rare move, the Japan Automobile Manufacturers' Association published a statement that is highly critical of the course being taken in the US-Japan framework talks, in which the two countries aim to increase foreign access to Japan's markets.

The statement points out

the trade imbalance should be based on a broad discussion of macro-economic policy, the focus of the bilateral talks has heen on micro-economic issues such as cars and car parts. The association also criti-

cises the US proposals to increase market access for foreign companies in Japan as going beyond the bounds of the two governments' activities. Irresponsible intervention by governments in private busi-

ss not only leads to managed trade, but in effect reduces consumers' choice, it says.

The industry association is particularly concerned that the

US proposal to set "specific expectations" for foreign penetration of the Japanese car and vehicle parts markets is in effect a call for numerical tar-

Neither do the US proposals reflect any efforts on the part of the US, even though the framework consultations call for efforts to be taken by both

sides, it says. That point was underlined by a high-ranking Japanese government official, who indicated that US carmakers were not making the kind of efforts necessary to win over Japanese

Mr Sozaburo Okamatsu, vice

affairs, said that Chrysler's decision not to bring its new car, the Neon, to the Tokyo Motor Show this autumn was

The Neon, which is widely considered to be a "Japan car killer", was just right in terms of price and engine size for the Japanese market, Mr Oka-

If US car companies were not going to bring that kind of car to the Japanese market they should not ask for help to penetrate the market, Mr Okamatsu said.

He further underlined that there was "no chance" that

Japan would agree to set numerical targets for foreign sales in Japan Not only did numerical targets carry the risk of leading to managed trade, they were not necessary for

foreign companies to succeed According to data published yesterday, the foreign share of the Japanese public procurement computer market, which was 7.6 per cent in fiscal 1991, rose to 14.4 per cent in 1992 after an action plan was implemented to make public procurement more fair and open, Mr Okamatsu

Cruise ship lifeline for Cuban economy

Rosie Hayes and Stephen Fidler on Castro's latest attempt to attract dollars from tourism

hen the cruise ship Santiago de Cuba sails later this month from Havana, it will underline the extent to which revolutionary fervour is giving way to pragmatism as Cuba tries to adjust to economic

On board ship, there will be gambling - although it will not be allowed in Cuban ports. The government of President Fidel Castro is now accepting an activity it banned when it Havana's notorious gambling parlours after the

Compared with the previous Cuban government by the col-lapse of the Soviet Union and its financial support for Cuba, this is small. Among other things, the government has been aggressively pursuing previously unwelcome foreign investors and has legalised use of the once-banned US dollar.

The cruise operation - a foint venture between the state-owned Havanatur and European interests, including the Italian ship agents Fratelli Cosulich - is the latest attempt to attract tourist dollars to the country.

Mr Castro is now laying

much emphasis on the promotion of tourism. He turned up last month on the holiday island of Cayo Coco at a ceremonial signing of a Spanish-Cuban joint venture and mingled with tourists, even at one stage watching a dance performance in a discotheque. The joint venture involves the Spanish group Guitart Hotels investing \$20m (£13.im) over 10 years and the local Cubanacana SA contributing the equivalent in local currency.

He spoke of fighting the country's financial problems

through tourism and told

of foreign visitors.

The president has also heaped praise on Spain, probably the most important source of foreign investment in the Cuban tourist industry, and has described Spanish skill and enterprise as a great advantage to the island. He even told an audience of

Havana Communist party delegates this month that sugar was "no longer the country's main economic source" and that the tourist industry had developed to such an extent it was now "Cuba's main financial lifeline".

Cuba has increased from 289,000 in 1987 to 460,000 last year, and is forecast to grow again this year. Visitors are also spending more. According to the government, daily spending rose to \$67 a day in 1990 to \$39 in 1992, and is pre-dicted to increase to \$100 in

Castro recently claimed that sugar was 'no longer the country's main economic source

But there are doubts among external observers whether tourism is as important as the government suggests. Mr Jorge Dominguez, a Harvard professor and visiting fellow at the Washington-based study group InterAmerican Dialogue, says that total foreign direct investment in Cuba is an elusivo figure, but probably amounts to less than \$1bn. "That means the claim that tourism is significant rests on its generation of foreign exchange.

Cubans to prepare for an influx earnings usually quoted by Cuhan sources represent gross, rather than net earnings. A report produced in March by the Cuban Grupo de Turismo said that tourism generated \$530m in gross hard-currency receipts in 1992 - four times the 1987 level - and directly accounted for 62,000 jobs, 1.6 per cent of total employment.

A report published in April by La Sociedad Economica, a moderate London-based exile group which favours the country's transformation to a market economy, also points out that the policy of keeping tour-ists in enclaves "limits the goods and services, so reducing the beneficial effect that tourism could generate in the

wider economy".

The net hard-currency benefit is thus significantly less than the gross receipts. Tour-ists have to be serviced by imports, such as Scotch whisky and video cassettes. Sales commissions, tour operating profits, and aviation expenses must

also be paid. This suggests, says Mr Dom-inguez, the net annual hard currency gain to Cuba is

between \$100m and \$300m. While this compares with the \$220m earned in 1992 from nickel exports, it is still significantly less than its earnings from sugar exports, even though they fell to their lowest level this year since 1963. This year's harvest of 4.2m tonnes would generate \$800m-\$900m in export revenues.

Tourism, as at present structured, offers only very limited relief to Cuba's eco nomic crisis," argues La Socie dad Economica. This could change if Americans were allowed to go to Cuba - but the end of the US embargo still Yet the foreign exchange appears a long way off.

Franco-German telecom deal goes to Commission

By Andrew Hill In Brussels

The European Commission is preparing to examine details of a new co-operation deal between Deutsche Telekom and France Télécom, the stateowned telecommunications

Commission officials confirmed yesterday that the two companies had already made contact informally, but refused to comment on Brussels' likely attitude to a deeper alliance.
France Télécom and Deutche Telekom revealed late on Wednesday that they were planning a press conference about their plans on Tuesday in Brussels. Industry observers believe they may be preparing to merge certain areas of their

activity, outside domestic "voice" services.
On the same day, telecoms ministers from the European Union will be holding further discussions about the Commission's proposals on liberalisa-tion of the telecoms sector.

If the case does fall under the Commission's jurisdiction either as a merger, or because of other monopoly considerations - the attitude of the Commission's competition directorate will be crucial.

The deal could well become one of the most sensitive antitrust cases yet examined by the Brussels authorities. Competition officials said yesterday they would work

closely on the case with other

notably telecoms and industry. In his contribution to the Commission's proposed white paper on growth, competitive-ness and employment - to be discussed by EU leaders on December 10 and 11 - Mr Martin Bangemann, the industry and telecoms commissioner, has stressed the need to adapt to the existence of an "infor-mation society", using tele-coms networks and served by strong telecoms and information technology groups.

"Old assumptions and legal

rules don't apply to the new reality," said one senior industry official. The coincidence of the press conference and ministerial meeting will allow the companies to press home that

through controversial measures to extend liberalisation of the telecoms terminal and telecoms services markets to the satellite communications sector. Brussels yesterday approved amendments which will abolish national restrictions on the provision of satellite earth station equipment, satellite services used by business networks, and mobile tracking services.

The Commission can impose these amendments on member states because the original directives were adopted using special powers to break open national monopolies. The Commission said it hoped the measures would be in force by the Commission departments, end of next year.

P&O buys stake in Chinese terminal

P&O, the UK shipping and in the Zhangjiagang-Win Conconstruction group, is extend-ing its container terminal interests in China with the acquisition of a stake in the Zhangjiagang-Win terminal near Shanghai, writes Charles

Batchelor. P&O is to pay an undisclosed sum for a controlling interest in Win Hanverky Investments, which owns a 51 per cent stake tainer Terminals Company. The terminal has an annual capacity of 150,000 20-foot containers. There are plans to expand capacity to more than 350,000 containers.

P&O and Swire Pacific, the Hong Kong property and aviation group, last month paid 254m for a 25 per cent share each in Shekou Container Port.



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INTERNATIONAL HOTELS

US unlikely to oppose Chile's entry to Nafta protection bill and would hope to see swift implementation of By David Pilling in Santiago

TRE US sees few, if any, cles to Chile's access to Nafta or a bilateral free trade accord with Washington, Mr Curtis Kamman, the US ador in Santiago, said

yesterday. Unlike most Latin American countries, which needed to liberalise their economies and lower tariffs, "Chile has done all that. There's not much left for it to do," he said.

There were no specific envi-ronmental or labour issues blocking an agreement, he said. The US would, however, "watch with interest" the passage of Chile's environmental

its new regulatory framework. Further talks would be necessary in the area of intellectual property rights, where Chile had made some, though insufficient, progress. In particular, US pharmaceutical mpanies wanted greater protection for their patented products. The US was "serious" about concluding new trade

agreements "In the near future". However, "we have not yet decided whether our preferred course is additional bilateral agreements with other countries or their acces-

sion to Nafta."

tread carefully because of "blood on the carpet" after the Nafta debate or because it now wished to concentrate on healthcare reform. The US was quite capable of pursning parallel domestic

and foreign policies, he said. Besides, President Clinton "made clear during the Nafta debate that he wants to extend the agreement to other countries, with Chile mentioned as the first in line." • Canada's new Liberal gov-

ernment announced yesterday that it would enforce Nafta after obtaining improved rules on subsidies and dumping. He rejected arguments that Reuter reports from Ottawa.

Electronic tolls could be in place by 1998

By Charles Batchelor, Transport Correspondent and Roland Rudd

Tolls on Britain's motorways could cost motorists £700m a year if they were applied across the entire 2,000mile network, Mr John MacGregor, transport secretary, announced yes-

The government intends to push ahead with detailed studies of an electronic tolling system which could be introduced by 1998, he said. Vehicles would carry a smart card on their windscreen which would be read automatically from overhead gantries.

charge cars a maximum of 1.5p a mile

and lorries 4.5p a mile so that a car journey from London to Birmingham would cost £1.50. This is a lower rate heavily used motorway network. The department of transport is to would cost £1.50. This is a lower rate invite manufacturers to submit the road building programme in the than charged on continental European motorways but is intended to prevent drivers diverting to side

Mr MacGregor gave a pledge that motorway charges would be devoted solely to the construction and operation of the motorway network.

The Treasury had no objection to reserving funds for a particular purbecause they were not taxes, he

Electronic tolling is being introduced in many other countries but Present government thinking is to systems are not yet sophisticated enough to be used on Britain's

details of their technologies in fields such as smart cards. It will then put together a system for trial on a special track and on motorways within

the next year.

Tolls will not only provide additional funds to the £8bn which has already been committed to road spending, they would also allow the government to charge more for using

roads at peak times. They would mean that the users of motorways, just over half of all motorists, are charged more than nonusers. They would also improve the competitive position of rail and

short term, the government will commission private contractors to design, build, finance and operate stretches of road. They would receive payment, known as "shadow tolls," in relation

• The water and electricity companies are expected to emerge as prime movers in the government's drive to involve private finance in public services, according to Mr Stephen Dor-rell, Financial Secretary.

to motorists'use.

Mr Dorrell told journalists yesterday that the government was trying to create a new business sector which would build road and rail infrastrucmally act as promoters for large projects such as the channel tunnel and

Mr Dorrell said the benefits of involving the private sector would emerge only if the design, financing and construction of infrastructure were under the control of companies with expertise in managing roads and

"Utility companies recognise this as a business they might move into," he said. "There will also be foreign companies with experience of running toll roads abroad. Not all the expertise

Britain in brief



Telecomms 'highway' plan for NW

telecommunications operator, is to invest £1.1bn in north-west England over the next five years, and predicted that it would create about

4,500 new jobs. The company will install a 53-mile, multimedia, "superhighway" for cable TV, tele-phone, data and general tele-communications, starting next month. It will take the form of a hybrid fibre optics and coaxial ring main running through parts of Merseyside, Cheshire, north-east Lancashire.

Tobacco ads face controls

The government is expected to announce tighter voluntary controls on tobacco advertising shortly to head off an MPs call for a legislative ban. Mr Kevin Barron, Labour

MP, wants to ban all cigarette, cigar and pipe tobacco advertising except at the point of sale. The Department of Health confirmed that tighter volun-tary controls were being considered for tobacco advertising include:

· A complete ban on poster advertising An end to tobacco advertising in women's magazines • The removal of tobacconists' shopfront advertising Larger health warnings cigarette packs.

Top clubs lose cup places

Some of Europe's top football clubs have lost their right to a place in the continent's top competition - the Champion's - in a move designed to limit the number of weak

Traditionally all league win-ners have a place in the cup contest but the entry of east European sides as weakened the competition.

Under a plan announed by UEFA, the Union of European Football Associations, which is seen by some as the seeds of a European super-league, the defending champion and seven top-ranked league champions will be guaranteed spots in a

line will play off in a prelimi-Seeding will be based on the

Old defence

areas to get aid Regions in the UK suffering from cuts in defence spending because of the peace dividend

generated within the UK either from local authorities or the private sector, will go to 150

Nuclear call for sell-off

Nuclear Electric, the stateowned electricity company, risked antagonising ministers when it coupled its publication of strongly improved interim results with a call for privatisation. Mr John Collier, chairman, said the company's future lay in the private sector. Last week Mr Tim Eggar, energy minister, rebuked the company, saying it was up to government if and when the industry was sold off.

Scottish exports outstrip UK

Scotland's position as an export-oriented economy was confirmed by figures showing that its exports of manufactured goods rose considerably faster in 1992 than those of the UK. Whereas UK exports of manufactures rose by only 0.2 per cent by value in real terms, Scottish manufactured exports went up by 6.3 per cent.

UK reserves rise by \$49m

The UK's official gold and foreign currency reserves rose by \$49m last month, bringing reserves at the end of the month to \$43.6bn compared with \$43.5bn at the end of October. The underlying increase in reserves was \$77m.

Weekend work pays dividends

Nearly half of Britain's managers work at least one weekend in two and more than a quarter have to work every weekend, according to a survey of 850 managers by British Tele-communications. Working weekends appears to pay dividends, with 60 per cent of managers claiming they get a lot more done at weekends. But nearly one quarter resent

Oftel pressure on BT prices

Regulatory pressure on British Telecommunications to cut its prices and profits will increase sharply in the medium term if inflation remains low, following a policy statement by Oftel, the telecommunications regulator.

The prospect was raised by Oftel's settlement of a longrunning dispute between BT and Mercury, its main UK competitor. In reaching its decision Oftel sharply cut the rate of return on capital tt per-

Triumph plan for motorbikes

Triumph Motorcycles, the com-

Watchdog to check pension advice on £7bn

Financial regulators are to review the personal pensions of up to 500,000 individuals who have transferred savings out of employers' schemes into private plans. Up to £7bn is

The Securities and Invest-ments Board, the City's top watchdog, fears that people may have been badly advised and could be worse off in retirement than if they had stayed in their employers' regulators found that, in many cases, sales agents sought too little information to be able to give proper advice.

Almost every life insurer, bank and building society that has sold personal pensions is expected to be affected by the review. The SIR has retained the accountancy firm of KPMG Peat Marwick to produce a report on the problem. The report is to be released within

the next few weeks. The review is intended to see that those who followed wrong advice are compensated and that measures are taken to insure that personal pensions are only sold to those for whom they are appropriate. Mr Andrew Large, SIB chairman, said personal pension policy-"should not be alarmed. The problem we are looking at is not about theft."
"The SIB felt that this was a

Fishing

row goes

to Euro

By Deborah Hargreaves

Court in Luxembourg.

Controversial plans to keep

the British fishing fleet tied up

in port for part of the year

could be shelved after the

High Court vesterday referred

Planned legislation restricting the number of days spent

by fishing vessels at sea to 1991 levels, was challenged by the National Federation of Fishermen's Organisations which represents 6,000 fisher-

men in England, Wales and

Mr Richard Banks, NFFO

chief executive, hailed the

Righ Court decision as a tri-

umph. "It's given the govern-

ment a severe bloody nose," be

said. "We didn't want to win

because that would have

involved a very expensive

appeals process so it's the best

Fisheries and Food has said it may appeal against the deci-

sion - the government has until next Wednesday to decide whether to appeal. The fishermen will go to the

tion of the "tie-up rules,

the government's commitment

to conserve fish stocks. Under

European Union fisheries pol-

icy, the UK fleet must be cut

The government has begun a

programme of decommission-

ing, paying fishermen to leave

the industry. It has carmarked

Officials suggested that yes-

terday's judgment could mean

the remaining £17m would be

by 19 per cent by 1996.

east two years.

The Ministry of Agriculture.

court

and dealt with promptly so reg-ulators are taking action now to ensure that people will not

The SIB, along with the self-regulatory bodies for retail

tion. Regulators feel compensadeliver in cases where the emolover's scheme will not allow individuals to rejoin or in cases where the life insurer cannot or will not pay.

be disadvantaged when they retire," he said.

The life insurance industry has been alerted to the regulators' actions and is concerned that the publicity will further damage their reputation and business. It will also raise questions about the government's strategy of offering tax incentives for people taking

financial services, Lautro, Fimbra and imro, will form a panel of regulators and industry officials. The panel will set a uni-form standard for determining when an individual is deemed to have been given wrong advice. Priority will be given to cases of older individuals who have been encouraged to leave schemes with fully inflation-

indexed benefits. The panel will also agree a method of assessing compensation will prove most difficult to

There are also concerns about whether life insurers will be willing to pay compensation on policies sold through independent financial advisers

Citizens who believe that

government is too powerful

tend to have a lower than average interest in politics, accord-

ing to an extensive interna-

tional survey published

International Social Atti-

tudes links the 10th annual

Attitudes report with work car-

ried out in 21 countries by the

International Social Survey

Programme to produce a com-

parative picture of societies across the world in terms of

highly-respected British Social



Statement Condension Statement Condension Telecommunications engineers training to carry out maintenance work atop telephone polls at the Yarmfield training centre in Staffordshire. Staff are taught climbing techniques and safety drills on 10ft poles before moving on to the full-size 30ft ones

I-plant may become rocket pad

The Dounreay nuclear plant on the north coast of Scotland is considering the idea of becoming a site for launching space rockets, which would put communications satellites into orbit around the earth.

A section entitled "Disengag-

ing from democracy" examines

the attitudes of people to those

Australia, with 52 per cent,

headed the list of countries

where people described them-

selves as fairly or 'very' inter-

ested in politics. Only 32 per cent of Australians thought

government was too powerful.

At the other end of the scale, in Northern Ireland 50 per cent

of those surveyed said they

were 'Not at all' or 'Not very'

interested in politics. Only 6

who govern them.

AEA Technology, the off-shoot of the UK Atomic Energy Agency which operates the plant, will decide early in the new year whether to carry out a full-scale feasibility study of Dounreay, where the experi-

to close next year, could be suitable for launching small rockets carrying satellites which would go into polar orbit, circling the earth between the Poles.

A key requisite for this is to be able to launch missiles over the sea in a northerly direction, and Dounreay's position on the north coast of Caithness is ideal for this. Western Europe currently

has no commercial space rocket launching site. The European Space Agency uses the Ariane space rocket which

est in the nations that have

been the most troubled is more

ominous", says the author,

Professor Michael Johnston, of

Colgate University in New

respective power of unions, business and government, only

in the former West Germany and Italy did the number of

people thinking that business had 'too much' power exceed

those thinking unions or gov-

ernment had too much power.

When asked about the

is launched from French Guy-Dounreav believes there is a need for rocket launch sites which to put small communi-

cation satellites into polar orbit, as opposed to orbit around the Equator. Both Nor-way and Canada are considering developing launch sites. Dounreay said the scheme

was in its early stages, but AEA Technology is understood to have had preliminary talks with potential partners.

To go ahead the project would need to be commercially viable and would need the sup-

the adult population in every

nation surveyed. In Australia, where the smallest percentage

was concerned about govern-

ment power, the role of the

unions is a much greater cause

union and business power are all seen as significant issues -

understandably, the survey

argues, since Americans

appear to be apprehensive

about concentrated power

Comparing the findings with

wherever they perceive it.

In the US, government,

scheme might initially employ only "scores" rather than hun-In addition to the fast breeder reactor, Dounreay contains the only manufacturing

Dounreay said that the

plant in Europe for making and treating fuel for materials test reactors. The plant is seeking ways of diversifying from dependence on the nuclear

It is in the process of gradually shedding staff, with 240 of the 1,400 jobs due to go in

power dropped by a third. The

number thinking business had

too much power grew from 26

In East Germany, Ireland (North and South), Norway,

Italy and Britain, more than 80

per cent of people thought it was definitely the responsibil-

ity of government to provide

health care. In the US, that fig-

International Social Attitudes

is published by Dartmouth Pub-lishing in the UK and the US.

ure dropped to 40 per cent.

per cent to 32 per cent.

Ulster people show 'least interest' in politics new 16-team cup. Sixteen clubs ranked next in politics, family, religion, per cent said they were 'very'
employment and class.

Government power appears a similar survey in 1985, the excessive to at least a third of percentage in Britain believing

other participants. or country of origin.

are to share in a special European Union aid package of

The grants, which will be matched by equal amounts

pany set up by entrepreneur Mr John Bloor to revive manufacture of the famous British

motorcycle, has been given planning approval by the local council for a new 40-acre facshire, in the English midlands

Differences over Ulster settlement break into the open

in London and Tim Coone in Dublin

The sharp differences between London and Dublin over the shape of any settlement on Northern Ireland broke out into the open last night on the eve of today's Anglo-Irish summit.

As Mr John Major gave a public pledge that any deal must be acceptable to the Unionist majority in Northern Ireland, it emerged that

the British prime minister had rejected a peace plan tabled by Mr Albert Reynolds, his Irish counter-

> The plan, sent to London last month, provided for the Dublin government to drop its constitutional claim to the North and to recognise that Irish unification could come only with the consent of a majority

But as a quid pro quo, the British side would have to agree to a docu-

ment endorsing the value of eventual Irish unity and to early and simultaneous referenda in the Republic and the North to provide a visible expression of "self-determina-

Mr Reynolds wanted the plan to provide the basis of the communique after today's summit

But after acrimonious exchanges earlier in the week which at one stage threatened the cancellation of the summit, the two leaders agreed

to downgrade the status of the meet-

It is understood that Mr Major was ready to accept a document framework which included the explicit recognition of the legitimacy of the aspirations of Irish nationalists. But he rejected as unacceptable to moderate unionists the idea that

Britain should tacitly support the goal of Irish unity by signing up to its value.

Mr Major also judged that the pro-

posal for joint referends on "self-determination" would dilute his government's commitment to the unionists veto on constitutional change, Both sides were last night attempting to play down the rift. In London, it was suggested that a short state-

ment to be released after the talks would emphasise the two leaders commitment to an agreement. One senior British minister commented: There will be lots of smiles for the

to further work." Irish officials pointed out that by agreeing to a total of three working meetings during December there was still room for manoeuvre and hope for progress.
"Whatever progress made tomorrow will be of value...That was why

we agreed to working meetings

instead of a summit, as a summit

requires some basis of agreement

beforehand", an Irish government

sookesman said.

Shadow of violence hangs over talks

With the resumption of

the background of outrage

within the Republican move-

ment at London's claim the

IRA had declared that the con-

flict was over and asked for

High Court again on January 11 to argue that implementa-Jimmy Burns considers the IRA's next move if London and Dublin fail to strike a deal

which were due to come into he IRA plans to step up its military campaign if the Dublin talks do not effect on January 1, be put off until after a European Court judgment, which could take at produce acceptance by London of the principle of self-Mrs Gillian Shephard, agridetermination for the people of culture minister, planned to introduce the limits as part of all Ireland. According to Republican

sources, the IRA has been carefully weighing up its military and political options in the run-up to the meeting today of the two prime ministers which is now expected to lead to further talks before Christmas. In military terms, the IRA is

convinced that any ceasefire in \$25m for compensation, of the present circumstances. which £8m has already been whether de facto or official. risks undermining the efficiency of the organisation. It is widely suspected within the IRA that previous extended

ceasefires were used by the

security forces to infiltrate the

"Like in any army the fear is that a period of inactivity undermines morale. It also provides the space for an examination of conscience," one Republican source said.

The IRA is still officially backing the peace process and Sinn Fein, its political wing, has been stepping up its distribution of posters backing the Hume-Adams initiative. Although details of this have not been released, the initia-

political settlement for North-

ern Ireland, including a consti-

tutional shift of the kind which

Dublin appears to be pressing

attacks on soft targets - a failed bomb attack on an army patrol and a homb attack on a policeman - the IRA has signalled a decision to keep up the pressure on the British government as it attempts to appease Unionist opinion. tive aims to bring about a per-The resumption of relatively manent cessation of IRA activilow-scale IRA military ties as part of a comprehensive operations has come against

advice of how to give up its and operational strategy. It is in order to facilitate the ossibility that the heart of the military campaign. "Anyone who knows the IRA Hume-Adams proposals might be absorbed by the Anglo-Irish and those close to it knows peace move that the IRA had that the suggestion that Martin until this week scaled down its McGuinness would send such a message to the government is

> lican source said. Mr McGuinness, the Sinn Fein Londonderry councillor, is still widely regarded within the Republican movement and by the security forces as the man who can best broker a peace deal for the IRA.

preposterous," another Repub-

He denies that he is an IRA leader or that he is engaged in terrorist operations. But he has established his credentials with the IRA as an activist in the early 1970s, and is thought to have a strong influence on the organisation's political

the Catholic community admit that in the aftermath of the Shankill and Derry killings last month a feeling of warthere is no indication these supporters expect the IRA leadership to declare a ceasefire in the absence of any palpable political gains.

The IRA's own "volunteers are resistant to any deal with the British government that might smack of surrender.

So far, there is no evidence of any substantial division between hawks and doves - but in the run up to Christmas a continuing political debate over tactics and straegy is likely to intensify within the IRA and its political wing.



Martin McGuinness: widely seen as key to a brokered ceasefire

orth Sea oil and gas production platforms, some of the biggest and most expensive structures ever built, are rarely thought of as architectural jewels. Yet each is custom-designed and built to a besooke set of specifications detailing everything from steel strength to the exact power output for the gas turbines that provide enough

electricity to supply whole towns.
In an age of standardisation they are the industrial equivalents of racing cars, with the focus on per-formance and little thought given to cost. Their designers have pushed technology to suit the harsh operating environment; which is why the basic above-sea structure of North Sea platforms can cost four times that of similar ones in the Gulf of Mexico, while materials and equipment can cost 70 per cent more.

The need for massive amounts of documentation to accompany indi vidual designs and excessive techni-cal requirements results in a 25 per cent cost penalty, say industry experts. The high cost of customisa tion, however, has been of secondary importance to arriving at the most perfect technical solution to the twin priorities of withstanding the rigours of the North Sea for up to 20 years and efficiently draining individual oil fields.

But the era of spending more than £1.5bn on individual North Sea platforms may soon be over. The prospect of finding more of the very large fields which could justify such investments is fading. Tax changes earlier this year removed the fiscal incentive to maximise production through customisation.

In addition, the outlook is for oil prices to remain relatively low for some years, while cost-cutting is seen as the key to the future profit-

ability of big oil companies. But a shift away from tailor-made technological solutions to standardisation will not be easy. "There is a cultural, historical prejudice against standardisation in the industry, according to Rex Gaisford, director of projects at Amerada Hess, the US-based company which accounts for about a tenth of UK North Sea production.

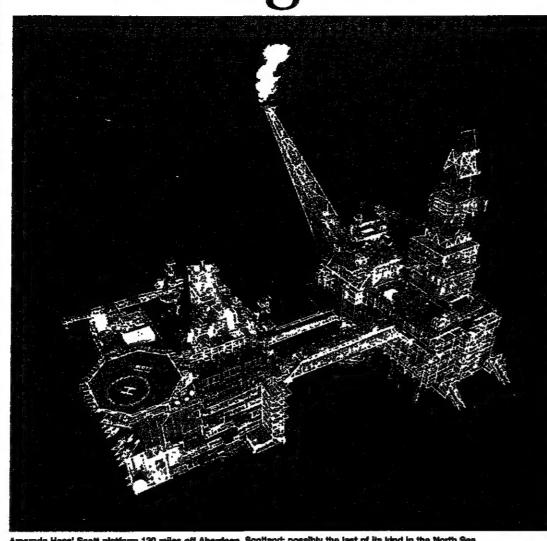
Just how strong that prejudice remains is being tested this week as the Crine Committee, an industrywide study group under the aegis of the UK Offshore Operators Association (Ukooa), unveiled its proposals for a fundamental overhaul of the way in which big offshore engineering projects are undertaken.

Ukooa, whose 36 member companies participated in the "cost reduction in the new era", or Crine initiative, believes savings of up to 30 per cent in capital costs could be made within two to three years if the basic proposals were implemented.

Such cost reductions, however, can only be realised if changes are a series of codes, practices and spec-

Cost-conscious oil companies are moving from bespoke platforms to standard designs, writes Robert Corzine

Uniformity on the high seas



Amerada Hess' Scott pistform 130 miles off Aberdeen, Scotland: possibly the last of its kind in the North Sea

made in the relationship between the oil companies and their main engineering contractors. Given that in each of the last 20 years the offshore oil and gas industry accounted for as much as a quarter of the total capital investment in UK producing industries, the impact of the Crine initiative could

be felt across the industrial sector.

ifications for machinery. Gaisford, who headed one of the main Crine committees, hopes that agreement on them will give suppliers the confidence to develop standard North Sea products, rather than wait for the "mountain of paper" which currently accompanies the order for a new bespoke platform.

Simplification of contract lan-The main proposals centre around guage and the elimination of "adversarial clauses" would give

contractors more confidence that operators "would not just stand back and throw rocks at them if they get it wrong", according to

He also believes that such an approach would lead to greater technological innovation in the offshore industry. "Standardisation in other industries, like car manufacturing, has led suppliers to invest in the most promising technology," he says. In addition, "new technology would come in on a far more rational basis" than the almost hapharard way in which it is currently

Safety, too, would be enhanced by a move towards standardisation, because reliability would improve. "It's the same as if you designed and built your own car to meet your

and built your own car to meet your family's specific needs." says Gaisford. "It's bound to be less reliable" than a standard product.

Amerada Hess' Scott platform, which is in its final assembly phase 130 miles off Aberdeen, may be one of the last of the big North Sea platforms built under the prevailing design philosophy. The large reserver. design philosophy. The large reservoir dictated a big platform, although Amerada was keen to try out new concepts which may point to future standard practices.

Seven sub-sea wells were drilled to ensure that oil and revenues could flow as soon as Scott was commissioned. The platform was built on a "fast track", with individual production modules weighing up to 10,000 tons assembled and commissioned on shore to save time and money. They were then lifted

into place by giant crane barges.
Such techniques are increasingly mmon in the cost-conscious industry. But Amerada Hess' request for three off-the-shelf power generation turbines suitable for North Sea operations caught European Gas Turbines, a GEC subsidy, by surprise. It is, however, introducing a North Sea package, built around a standard product to which options can be attached, a develop-ment which the Crine initiative would encourage.

But would implementation of Crine recommendations lead to a radically different way of approaching a similar project in the future? disford says that a combination of Crine measures and other innovations could cut by half the size of a Scott-type of platform built 10 years from now.

Ships capable of drilling, producng and storing oil, while maintaining precise positions through satellite navigation and a series of computer-controlled propellers along the hull are only now making their appearance in the North Sea. But their presence in greater numbers will allow the removal of the large drilling units now located on platforms such as Scott. For some of the smaller fields it may even be possible to order a standard platform and equipment package.

The big task is not technical, according to Gaisford. "Crine represents a huge cultural change. Some people and companies will be left behind." Changing the attitude of oil industry engineers could prove to have much in common with stopping a fully-laden supertanker travelling at speed. It takes a little thought and a lot of time.

Cutting the price of videoconferencing

The advantages of videoconferencing as a replacement for international travel have long been recognised but the cost of buying equipment has often deterred the smaller

company. Nuts Technologies, of Hong Kong, has now developed a desk-top videoconferencing system based on an Apple Macintosh for £3,499.

The video image is displayed in a small window on the screen while the rest of the screen can display high-quality graphics. The two callers can discuss the displayed graphics and after them if required. The caller at the other end would be able to see the updated graphics immediately.

The Connect 918 can send the data along the latest ISDN digital telephone lines, around a local area network or even over an ordinary telephone line using a modem. Nuts Technologies: Hong Kong: 881 6360.

Software that addresses the issue

Typing letters is time-consuming nd typing out the envelope can take as long. Now Japanese manufacturer Seiko Instruments has produced a tiny machine which sits beside a PC and prints out an address label every time letter is written.

The sophisticated software in the Smart Label Printer Plus recognises the combination of letters and numbers which make up the local postcodes or zip codes. Once a postcode is typed at the end of the recipient's address at the top of the letter the label is automatically printed. Selko: UK, 0628 770001.

Virtual actors turn to animation

First there was virtual memory.

Worth Watching · Della Bradshaw

then there was virtual reality. Now there is the virtual actor. a way of enabling computer-generated characters to move and behave in the same way as humans by sending information directly to the animated character from a live actor. Up to 16 sensors are placed over the actor's hands, face and body. As he or she moves, the movement and speech are mirrored exactly by the computerised character.

Developed in the US by SimGraphics and sold in the UK by Televirtual, V Actor was first used in the UK by the BBC to create Ratz, an animated cat which presents children's television programmes. Televirtual: UK, 0603 767493.

Little supervision for computer games

Parents offer surprisingly little guidance to their children over the types of computer games they play, according to a study by Aston University for Elspa, the European Leisure Software Publisher's Association

According to the study only 3 per cent of children reported any parental guidance regarding the type of games they played. compared with 58 per cent who reported that their parents determined the type of television programmes they watched. However, the report showed parents were keen to restrict the time their children play computer games. Elspa: UK, 0386 830642.

Calling time for the smaller company

Clocking in and clocking out can be expensive because the paper time cards have to be continually replaced. But electronic time recording systems have often only been available economically to

larger companies. French manufacturer Bodet has eliminated time cards in its BT50 system which is intended for companies with as few as 20 employees. The BT50 uses personal badges, each containing a magnetic stripe. These are swiped through the machine like a credit card. The electronic data gathered by the machines can be sent directly to a personal

COMPANY

There the information can be used in conjunction with payroll software to calculate wages. Bodet: France, 41 71 72 00; UK, 0442 234141.

PEOPLE

Winckler: supervision at SIB

European Capital Company in 1990, has been persuaded to head the supervision division of the Securities and Investments Board for a three-year

Winckler, 44, who confesses that it never crossed his mind that he might be a candidate for the new job, says he made the "fairly agonising decision" because he thought it was "a very important job from the City's point of view". He goes on to the SIB board as an executive director alongside chairman Andrew Large and chief

executive John Young. He says the ECC board has given him "leave of absence" and he resigns as a director. It is understood that SIB had been keen to make the appointment a five-year term.

Nor will he join until March next year, giving him time to disengage from ECC, where he has worked on the corporate

Jersey pilots

Blackburn Rovers' manager

Kenny Dalglish must be glad

that he is running multi-mil-

lionaire Jack Walker's pet foot-

ball team and not his regional

airline - Jersey European Airways - which is having its

third shake-up in less than five

Barry Perrott, 44, has

replaced Trefor Jones, a former

pilot, as managing director of

JEA and group managing director of its parent, Walker

new board

try and its periodic review. He says that ECC has been profitable for the past two years, and achieved in three years the modest targets set out for the first five, but he says it was not the earnings aspect that complicated his decision to

cross the fence. SIB, fighting to restore its credibility after the Maxwell scandal, has in Winckler a market practitioner who also knows Whitehall from the inside. After 12 years at the Treasury, three of which were spent on secondment to the diplomatic service in Washington, he moved in 1982 to Lloyds Bank International, and from there to Security Pacific House Govett as an executive director responsible, among other

things, for debt and swaps orig-Deputy chairman of The

Andrew Winckler, who helped advisory side, recently being rities and Futures Authority found boutique merchant bank involved with the water induselection to Christopher Sharples, who became chairman of the new entity. Winckler remained SFA's deputy chairman. In August, SIB announced

the creation of four new divisions, including supervision, central to Large's review "Making the two-tier system work". Winckler will have responsibility for the "front-line" regulators, including the exchanges and for the professional bodies, and will have a staff of 50.

SIB has also restructured its board, appointing Lord Alexander, chairman of National Westminster Bank, as its deputy chairman. Other new members are Rosalind Gilmore, chairman of the Building Societies Commission; John Kennedy, senior partner of Allen & Overy; Oonagh McDonald, management consultant: and

Securities Association (TSA), which in 1991 became the Secu-

Lord Stewarthy, deputy chair-man of Standard Chartered.

Aviation. Perrott joined JEA just over a year ago as plan-ning director after 25 years mainland.

Despite its name, its route with British Airways. Jones had joined JEA two years ago and is a former president of the European Regional Airlines Association, Michael Robinson,

JEA's financial director, is also being replaced.

JEA, which describes itself as Britain's leading independent dent regional airline, declined to elaborate on the reasons for

the management changes. JEA has a fleet of 16 aircraft and 360 staff; it serves 13 destinations and has been leading the fight for lower fares on the routes between Belfast and the

network has expanded well beyond the Channel Islands. However, it is facing growing competition on some of its routes and Jack Walker, whose fortune has been estimated at £320m, will be conscious that owning a rapidly growing air-line can be even more expensive than owning a premier league football club.

Sir Christopher Harding.

chairman of BET, has been appointed a non-executive director at the POST OFFICE BOARD.

Hoare flies in to Heathrow Express

BAA, the former British Airports Authority, has appointed an airline man to the post of managing director of Heathrow Express, the planned fast rail link between Heathrow and Paddington in west London. Rod Hoare is currently man-

aging director of British Airways Regional, a £300m business, and has responsibility for the direct flights from Birming-ham, Manchester and Scotland. Construction has already begun on the £300m Heathrow Express project, a joint venture between BAA, which owns 70

per cent and British Rail, with

Hoare says his main tasks will be to see that the project is completed on time and within cost and to ensure that the trains are built to a high standard. The new service is intended to reduce the journey time from the airport to Paddington to just 16 minutes

Hoare began his career with BOAC, the precursor of BA, spending 16 years with the airline. He was area manager for Syria, Jordan, Iraq and Leba-non when the Lebanese civil war broke out in the mid-1970s. He was the last BA expat to leave Beirut when he was finally forced to shut the office

from 1997.

and move to Jordan and was subsequently awarded the MBE for services to the British community in Lebanon.
He left BA to become chief

executive at Sally Line, a ferry operator, and then moved to Pandair, the air freight subsidiary of P&O. He then became director of ground operations for British Caledonian, the airline acquired by BA in 1988. A fan of Italian opera, Hoare recalls that Verdi's Aida was commissioned to mark the opening of the Suez canal. As far as he knows there are as yet no plans for an opera to commemorate the launch of

the Heathrow Express.

Gateway loses finance director

Gateway Group, the supermarket business still struggling under the debt from the Isosceles leveraged buy-out in 1989, has found a new finance director, Martin Gatto, 43. was headhunted from the private and secretive Sun International leisure group, where he was chief financial officer.

appointment, Gateway coyly says "Geoff Cooper, the current group finance director, will be leaving Gateway". He will not go empty-handed, as the quiz show host might say. With a three-year rolling contract be is expected to pick up decent compensation, although terms have yet to be fixed.

The parting seems to have been amicable; David Simons. chief executive since January, has now "completed his management team". Cooper joined Gateway in 1990, under David Smith who led the LBO.

Gateway has also found some non-executive directors. They are David Thornham. managing director of Midland Corporate & Institutional Banking – Midland Bank organised the group's financial restructuring in June: Peter Nevitt, president of Mitsui Nevitt Capital Corporation, a 5.4 per cent shareholder in isosceles; and Alan Giles, managing director of Waterstones Booksellers.

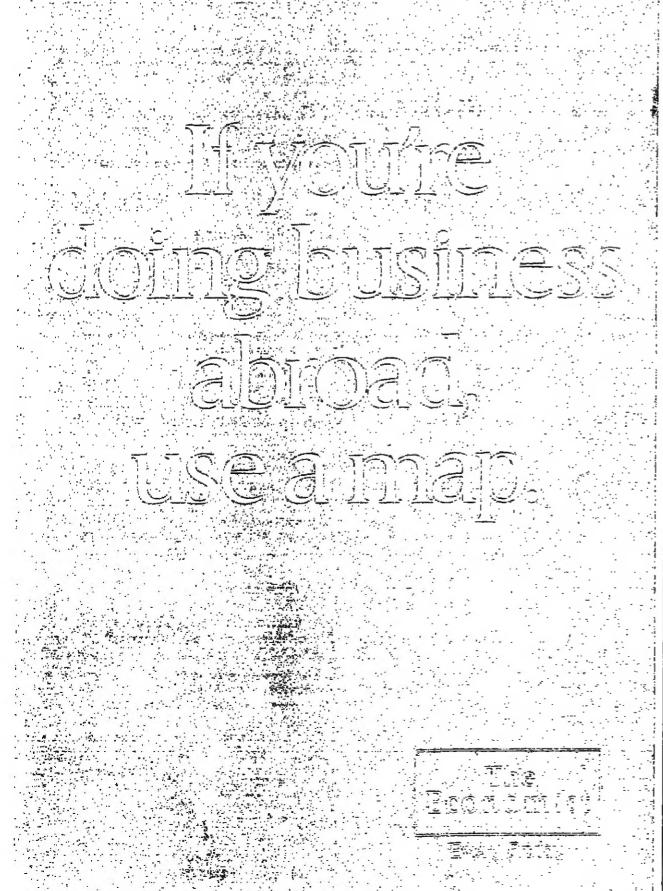
M&S makes one

Marks and Spencer, the UK's most profitable retailer, is strengthening its presence in the Far East by appointing a Far East operations director. It is also combining two posts to create a new one of finance director.

Appointed to the Far East is Paul Smith, 53, currently direc-tor of US and Canada. As well as supervising M and S's six stores in Hong Kong, and other Far Eastern franchises, he will lead a team making a study of

retailing in China and Japan He will be replaced in the US by Chris Littmoden, 50, director of financial control - one of two directors responsible for finance functions.

The other, Robert Colvill, 53 currently managing director of Marks & Spencer Financial Services and responsible for the company's treasury department, will take on Littmoden's responsibilities as well as the



= STATE PROPERTY AGENCY

INVITATION FOR TENDERS

With the collaboration of the Banque Indosuez Hungary Ltd.

as a consultant,

the State Property Agency

announces a one-round, public tender to sell

the state-owned shares of the Sabaria Shoe Factory Co. Ltd.

We inform the interested parties that the issued capital

of the SABARIA Shoe Factory Co. Ltd.

amounts to HUF 777,449,000.

95.58% of which will be sold.

E-credit and compensation notes can be used for the purchase of the block of

shares. The forfeit money amounting to HUF 7,000,000 can be paid - in the case of

purchase by E-credit, by a bank guarantee for forfeit money granted by the bank

issuing the credit promissory note; in case at least 50% of the buying price is set-

tled by compensation notes, by the depositing of compensation notes in the par

value of HUF 7,000,000; and in all other cases, in cash (in forint - or, in the case of

a foreign bidder, in any sort of foreign currency accepted as convertible by the

The bids have to be forwarded to the given address in five copies, in a sealed enve-

The bids have to be handed over to a public notary within the deadline for submis-

The deadline for submitting the bids is February 17, 1994, from 12.00 to 13.00.

The State Property Agency reserves the right to qualify the tender as invalid.

The condition of submitting the bids is the purchase of the tender material, which

also includes the detailed invitation for tenders, for HUF 20,000, at the address of

the Banque Indosuez Hungary Ltd., 1088 Budapest, Rákóczi út 1-3. floor 4, after

Further information is available from Zsuzsa Brenner (Banque Indosuez Hungary

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lope without the sender's name, by indicating the original copy.

The bidders have to undertake to keep their bids valid for 90 days.

National Bank of Hungary).

The bids have to be submitted at the

Budapest, H-1088 Rákóczi út 1-3. floor IV.

Banque Indosuez Hungary Ltd.

signing a statement of secrecy.

Ltd., phone: 36-1/266-80-90).

Zsuzsa Brenner

LEGAL

IN THE HIGH COURT OF JUSTICE IN THE HIGH COURT OF JUSTICE
CHANCER OF O'SSIGN
No. 010191 of 1993
IN THE MATTER OF
REMAILT GROUP LLK, LIMITED

NOTICES

THE MATTER OF
THE COMPARIES ACT 1988
NOTICE IS HEREBY GIVEN that a Peddon was on the 19th day of November 1993 presented to her Majestys High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above named Company.

July 20, 200

heing SSL130,780 and anove manes Company.

AND NOTICE IS FURTHER GIVEN that the

AND NOTICE IS FURTNER GIVEN that the said Petition is directed to he heard before Mr Registers Buckley at the Rayal Courts of Justice, Strand, Loudon, WC2A 2LL on 13th day of December 1993

ANY Creditor or Shareholder of the said Courpany desiring to uppose the making of an Order for confinencino of the said ensections of Share Premum Account should appear at the time of hearing as person or by Coursel for that purpose.

purpose and the said Petition will be furnished to any such person requiring the name by the undermentioned Solicitors on payment of the registered charge for the same DATED that the 3rd day of December 1993 Lowell White Duyman.

AS Holborn Viadact.

London ECIA 2DY

Ref. AZMHP/THIJIC

Solicitors for the above sound Continue.

Solicitors fut the above sessed Company No. 909047 of 1993 In the High Court of Justice

IN THE MATTER OF TAMARIS PLC IN THE MATTER OF THE COMPANIES ACT 1985

THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 17th November 1993 confirming the reduction of the shore premium account on the abovenanced company by £2,72,1,0,00 and of the reduction of the sapital of the abovenanced company from £4,64,74,3775 to £30,000 and the Misantapproved by the Court showing with respect to the capital of the Company as altered the several particulary required by the Abovenchioned Act were registered by the Registrar of Companies on 30th November 1993.

Dated 3rd December 1993

Morriann Stinzen. Jated Ma Levennes, Morraum Signey, Morraum Signey, Ma Queen Victoria Street, Landon EC4N 4ST Tel: 071-329 1260

No. 808880 of 1993
In the High Court of Justice
Chamtery Division
IN THE MATTER OF
TREND COMMUNICATION

and In the matter of THE COMPANIES ACT 1985
NOTICE IS HEREBY CHVEN that an Order of
High Court of Justice, Charactery Deviates desert
the 17th November 1993 confirming the cancellation of the share potentian account and reduction of capital of the above named Company was
registered by the Registers of Companies on the
19th November 1993.
Dated 3rd Docember 1995
CLIFFORD CHANCE
201 Aldersgale Servet
Landon TCTA All
Ref KO

ATION LTD

COMPANY NOTICE

Subsects to the Company

EVERARDS BREWERY LIMITED NUTBLE is beauty given that the transfer books and register of the 5% Commissive Preference Sharet of the abuse-named Company will be closed on 13th December 1945, to facilitate the preparation of the half-yearly displand on 31st December 1913 BY ORDER OF THE BOARD M. A. NEWMAN FIN NOTAL DIRECTOR & COMPANY SECRETARY on of the half-yearly displeted on Het

REPUBLIC OF POLAND MINISTRY OF PRIVATISATION

INVITATION TO NEGOTIATE

The Polish Ministry of Privatisation, acting on behalf of the State Treasury in accordance with Article 23 of the Act on Privatisation of State Enterprises dated 13th of June 1990 ("the Privatisation Act"), issues an Invitation to Negotiate to all suitably qualified parties interested in the purchase up to 75% (no less than 10%) of shares of ELESTER S.A. which specialises in manufacturing low-Voltage devices and BESEL S.A. which manufactures electrical engines (motors).

In accordance with Article 24 of the Act on Privatisation, this invitation will also concern the purchase of all shares of these Companies, which will not be purchased by employees of the

In accordance with Article 2 of the Ministry Council Decree on creation of the Reprivatisation Fund, dated 4th of October 1993 (Monitor Polski, No 52, pos. 482), the reserve shares of 5% are created for the purpose of reprivatisation for each Company.

Interested parties should contact with consulting company, which is an advisor to the Ministry in negotiations, within 4 weeks of the date of publishing of this invitation.

Upon receipt of a declaration in writing regarding the purchase of the shares and subject to the signing of a Confidentiality Agreement, an Information Memorandum will be sent to the interested parties. The information Memorandum will provide the guidelines and timetable for preparing and submitting a proposal for the purchase of shares of the Company. Any expressions of interest or enquiries concerning this invitation should be addressed

Pro-Invest international, Ltd. Attn. Pawel Jagiello President 14, Chocimska street 00-791 Warsaw, Poland tel. (22) 48-95-32 or (22) 49-34-58

fax: (22) 49-58-69 or 3912-11-23

The Ministry of Privatisation reserves itself the right not to enter for negotiations; to renounce the negotiations or change the schedule without explanation.

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T Evans FCA, Joint Administrator, ROGETS EVANS Roger Evans, 20 Brunswick Place. Southampton S01 2AQ Tel: 0703 335888

For further information please contact:-

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BUSINESSES FOR SALE

MACEDONIA THRACE BANK ANNOUNCEMENT

For the expression of interest on the acquisition of assets of KILINDROMILI PROVATONOS AGHIA PARASKEVI S.A.". In execution of ruling 75/20.5.1993 of the Thrace Court of Appeals, MACEDONIA THRACE BANK S.A. seated at Thessaloniki (5, LDragoumi str.), intends to proceed with special liquidation, under article 14.1.2000/91 on the basis of which an article has been added to L.1892/1990, under the number 46a, of the total assets of the company under the firm "KILINDROMILI PROVATONOS AGHIA PARASKEVI S.A.", seated at Provatonas of Evros prefecture and of which the main shareholders are Antonios Papatheodorou, loannis Papatheodorou and Diamantoula Papatheodorou.

'KILINDROMILI PROVATONOS AGHIA PARASKEVI S.A." was stablished in 1979 (Gov. Trib. 2846/8.8.1979) and engaged in the adustrialisation of wheat, corn, tye and cercals in general and in the reialisation of their products and by-products.

The production plant of the company is located at Provatonas, Soufli in the Evros prefecture. The whole mill complex has been built on a private land of a total area of 24, 923.52 sq.m. On the afore mentioned private land, there exist the following buildings:

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N.B. The afore mentioned financial data have been taken from

PROCEDURE UNDER L2000/91 I. All interested buyers are called to submit a non-binding written encession of interest within twenty (20) days.

II. All parties that submit this expression of interest will receive an offer nemorandum, on the condition that they are bound by a written statement to confidentiality. All interested parties submitting this statement, will be eligible to access to any kind of information concerning the enterprise on sale.

III. The sale of the liquidated enterpise will be made under the terms tioned in the offer memorandum For any further information, you are kindly asked to refer to:

MACEDONIA THRACE BANK S.A. 5, I.DRAGOUMI STR. TEL. 542213, 542313, 542413 The liquidator Bank.

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J S F Bennett M.LP.A., M.S.P.L. and N J Miller M.LP.A., M.S.P.L. of Goodman Jones Associates of Casson Beckman & Partners

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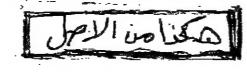
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CONTRACTS & TENDERS INVITATION FOR BIDS Bid submission date 23 December 1993

Fax: 0703 334400

1. The Turkish Electricity Authority (TEK) invites sealed bids from Bidders with adequate knowhow and experience for the supply of OPGW (Optical Fiber Ground Wire) and Accessories.

A complete set of Bidding Documents may be purchased by Bidders on submission in person or a written application to:

TURKISH ELECTRICITY AUTHORITY General Management Department of Foreign Trade Inönü Bulvari No: 27 Kat: 3 Oda No: 032 Bahçelievler Son Durak ANKARA/TURKEY Telex: 42245 Telephone: 90 (312) 212 69 15/Ext. 3317 Telefax: 90 (312) 213 88 70-74

which should be accompanied by the receipt of payment of a non-refundable fee of 480,-USD or 6.500,000,- TRL to the following address:

TURKISH ELECTRICITY AUTHORITY General Management Department of Finance Inonu Bulvari: No 27 Kat: 4 Bahcelievler Son Durak ANKARA/TURKEY

3 All Bids to be prepared as described in the bid-

ding documents and must be accompanied by a bid security in an acceptable form of not less than 3% (three percent) of the bid price and must he delivered to: TURKISH ELECTRICITY AUTHORITY

General Management Department of Foreign Trade Inônů Bulvari: No 27 Kat: 3 Oda No: 03057A 06460 Bahcelievler ANKARA TURKEY on or before 12.00 hours on 23 December 1993

4. Bids will be opened in the presence of those Bidders or their representatives who choose to attend at 14.00 hours on 23. December 1993 at the office of:

TURKISH ELECTRICITY AUTHORITY General Management Procurement Commission lnönű Bulvari: No 27 Zemít Kat A Blok Bahçelievler ANKARA/TURKEY

5. The Turkish Electricity Authority is exempt from the Law No: 2866 (of the Republic of Turkey)

INVITATION FOR BIDS

Bid submission date 13 January 1994

1. The Turkish Electricity Authority (TEK) invites sealed bids from Bidders with adequate knowhow and experience for the supply of 2 mobile substations and tractors and 2x100 ton trailer capacity.

2. A complete set of Bidding Documents may be purchased by Bidders on submission in person or a written application to:

TURKISH ELECTRICITY AUTHORITY General Management Department of Foreign Trade Inônū Bulvari No: 27 Kat: 3 Oda No: 032 Bahçelievler Son Durak ANKARA/TURKEY Telex: 42249

Telephone: (90) 212 69 15/Ext. 3317

Telefax: 90(312) 213 88 70-74 which should be accompanied by the receipt of payment of a non-refundable fee of 480.-USD or 6.500.000,- TRL to the following address:

TURKISH ELECTRICITY AUTHORITY General Management Department of Finance Inönü Bulvari: No 27 Kat: 4 Bahçelievler Son Durak ANKARA/TURKEY

3 All Bids must be accompanied by a bid security in an acceptable form of not less than 3% (three percent) of the bid price and must be delivered

TURKISH ELECTRICITY AUTHORITY General Management Department of Foreign Trade Inönü Bulvari: No 27 Kat: 3 Oda No: 03057A 06460 Bahçelievler ANKARA/TURKEY

on or before 12.00 hours on 13 January 1994 4. Bids will be opened in the presence of those

Bidders or their representatives who choose to

attend at 14.00 Hours on 13. January 1994 office.

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AFTER A HARD DAY AT THE BANK

CHRISTOPHER LORENZ

A new world that may be some time coming



seldom been popuimmemorial, they have foretold change to audiences usually comfortable with the

seers tend to compound the problem by using language which obfuscates their message, so that its full significance takes time to Take Shoshana Zuboff. Five

years ago, after studying in great depth the very varied human impact of information technology in American companies, she published a book called In the Age of the Smart Machine: The Future of Work and Power. It argued that the competitive potential of IT would only be achieved if the knowledge and muscle which it can provide is shared with frontline employees, rather than guarded lealously by the traditional management hierarchy. In 1988 the business world was

not yet ready for Zuboff's message. Her book bad a remarkable influence on populists such as Tom Peters and on her fellow academics at Harvard and elsewhere: one leading professor, who teaches in a different field, said her work was the most influential to come out of Harvard since the early 1980s. Robert Reich, now the US labour secretary, called it "pathbreaking".

But several obstacles stood in her way. The first was of her own making. The book was tough going, even for IT buffs and students of organisational behaviour. It was full of impenetrable concepts drawn from anthropology, sociology, psychology and philosophy, and riddled with terms such as "imperative control" and "intellective skills". Its leitmotif was equally inelegant: that companies were doing themselves and their staff a disservice by using IT to automate front-line tasks.

rather than to "informate" them. The second barrier was that her message seemed overstated: at the time, many companies were still investing heli-for-leather in costly computer technology: the penny was only just starting to drop that, for IT to pay off, it was no good automating inefficient and outdated processes. years went by before Michael flammer, who has since become one of the chief prophets of re-engineering, hit an increasingly raw nerve with a Harvard Business Review article called Don't Automate, Obliterate. With recession starting to bite, his timing was far

better than hers. Third, most of Zuboff's message in 1988 was extremely threatening to an executive world still wedded to the traditional management style of unvarying command and control and to the idea that auto-mation was a substitute for employees' skills, no matter how drudge-like it made their jobs.

At the time she was branded as subversive for her argument that, if the capability of cheap IT was to be used to full commercial tion it provides must be handed to

By no means all front-line work can be rejuvenated by being reinvested with information content and complexity

the front line.

Yet this is just what has started to happen since 1990 at a growing number of companies, under the combined influence of recession. fast-moving competition from global rivals and pressure for higher white-collar productivity. From self-managed teams at Motorola, General Electric and other US corporations, to the learning culture that now permeates the Rover car group in Britain, companies are finding that shallow organisation structures, with front-line workers who are both responsive and responsible - are empowered - have

So Zuboff's time is drawing near - even if many managers are still resisting her message. Fortu-nately, she has become far better at conveying it in plain - well, plainish - language, as she showed last month at an Economist conference on The Organisation of the 21st Century.

become vital to their competitive-

technology had simplified work, she argued: complexity had been removed from the front line and passed upward, for newly created But now IT was reversing this centuries-old process.

Instead of resisting, she urged any enterprise trying to operate fast and flexibly against hypercompetition to welcome this chal-lenge. No company could now afford the time or cost involved in shooting information up its organisation, she said. It must be allowed to flow better, both vertically and across the organisation. This meant most employees must become, to some degree, manage

Like any evangelist, Zuboff overstates. By no means all frontline work can be rejuvenated by being reinvested with information content and complexity, as she puts it - nor would every employee welcome that. From sembling electronic products to working at a retail check-out, what she calls "dumb" jobs will continue to exist, even if they are aided further by IT.

Nor is empowerment always the promised land which she and others claim. As a senior banker muttered loudly at the conference "most examples of empowerment in Britain have been about shafting employees - dumping our problems on them, and expecting them to do six hours' extra work a

day". The answer is not merely, as the banker suggested, to agree clear levels of responsibility, resources and authority. As GE has shown two other measures are also дееded: many work processes must be redesigned, so that all needless steps are removed; and employees must be given as much freedom as possible to decide how to achieve their agreed objectives Such freedom will always be rel-

involved. GE's dishwasher sales staff can be given more latitude than its aero engine inspectors. Regardless of the circumstances of each case, Zuboff is right in arguing that some redistribution of authority is needed if her "informated" world is to material ise. That's why it may still be

ative, depending on the task

Hugh Aldersey-Williams on SBC's approach to business attire

dressing down

raders and other employees at Swiss Bank Corporation's London office have been actively encouraged to dress "smart casual" if they prefer it to business attire. The relaxation of the dress code was spelt out in a memorandum to certain staff last month.

The new rules only apply within the office; suits are still de rigueur for meetings with clients. The relaxed look is intended to signal change at SBC, albeit surren-

titiously - there was no public "It was an attempt to give visibility to deeper cultural changes." explains Rudi Bogni, SBC's London

for internal purposes, but it's not a "We do want to project an image that we are sound but open to inno-

chief executive, "It's predominantly

While the move raises the intriguing question of whether other formerly staid City employers will fol-low its lead, it should be stressed that SBC's shift arose from a unique set of "corporate culture"

It was stimulated by SBC's phased acquisition of derivatives broker O'Connor Partnership of Chicago where jeans and trainers have been the norm among a staff influenced as much by Silicon Valley as Wall Street. O'Connor staff have close links with the academic

The relaxed dress code might not have come if O'Connor had been a buttoned-up New York company, nor if it had been a British or German firm making the acquisition. The main trigger is our multi-cultural manpower," says Bogni, an

"We have to try to create a culture of our own which blends the values. Dress code is not the major component, but it is a visible one that people identify with." One influence is the growing

number of graduates with degrees in mathematics and physics being attracted to the financial sector.

ROUGH BEAME Their role models are the software geniuses of California, not 1980s

sharp suits and braces.
This fashion is drifting eastwards across the US. Many US offices now have "casual Fridays". Europe has yet to catch the trend. SBC claims it is the first City bank to unbutton, although ABN Amro

Bank in Amsterdam has a similarly casual attitude. The principal underlying change that SBC aims to make, and which the new dress is intended to signify. is to integrate its cash and derivatives sides more closely, fusing greater communications between the two activities and encouraging

a greater exchange of ideas. At a

more subliminal level, it is about being seen to be different by competitors, clients and potential

The internal memorandum spoke of the move to "smart casual wear at the discretion of the individual as one ingredient of a "redefinition intended to strengthen our positive image and to distinguish as from other houses

Meanwhile, there are some unex-pected benefits of the new policy. Those who used to preen in expensive tailored suits now look most casual, while some of those who never appeared comfortable in a business suit now appear smarter

Coping with a high fertility index

aternity leave is one of the hottest issues at RCI Europe, a US-owned company struggling to cope with its own baby boom.

RCI Europe, which acts as an administrative centre handling calls from timeshare holiday apartment owners seeking to swap their holidays, has grown rapidly in the past five years, creating 500 new jobs at the administrative headquarters in Kettering. Most of these, however, went to single women in their 20s. many of whom have since found partners and started families.

According to Diane Taylor, head of human resources, the company has a "high fertility index". Women account for 78 per cent of the 500 staff and their average age is 28.

"Five per cent of the workforce are taking maternity leave this year or next. That's a large percentage for a medium-sized company such as ours to cope with," she says.

Taylor is examining ways to retain and help women who take maternity leave. Job-sharing has been introduced into a flexible shift system at the company.

Taking a positive approach to maternity leave, says Taylor, has helped the company reach arrangements that have proved acceptable both to employees and management. "We place a great emphasis on training and do not want to lose experienced staff," she says.

The company will conduct a cost benefit analysis next year to examine how training costs relate to the costs to the company of maternity

Taylor says the company is filling the maternity leave vacancies by assigning people from other parts of the UK company and from other offices of the US-based parent. In the publication department, where linguistic skills are important, two secondees are being drawn from

fter a UK Budget

which has largely pleased the City and industry, the R-word

is now for "recovery" rather

than recession. Yet in spite of

chancellor Kenneth Clarke's

cautiously optimistic prognosis

for an improving British econ-

omy over the long-term, some

commentators continue to

focus on short-term indicators

and appear incapable of

looking beyond the next few

months. So keen is the search

for economic confidence boost-

ers after the deepest recession

in 60 years, that policymakers are overlooking the need to

build on the Budget with a

strategy for increasing the

UK's earning capacity abroad.

dence in the economy, we need

to create a clearer vision of

Britain's potential role in

world markets. In short to

identify the UK's competitive

advantages and then to plug

them hard. Leading property companies need to be clear too

on the role which the sector

can and should play in this

strategy, Much of the UK's industrial

structure is still based around

the country's strengths built

up at the time of the industrial

revolution more than a century

ago. The emergence in the past

decade of competitors in the

previously undeveloped southeast Asia region is now threat-ening both UK and other devel-

oped economies. Yet the UK

appears content to carry on

undeterred. The business com-

much more than this.

munity expects and requires

It is time for a fundamental

analysis of the UK's economic

future. Over the next genera-

tion the pattern of world trade

will change with the emer-

gence of trading blocs in

Europe, the Americas and

south-east Asia. Yet there

seems to be no sign that UK

plc is approaching this chal-lenge in a systematic way. As Britain's industrial infrastruc-

ture ages, the case for a revamped industrial strategy is

For instance, in terms of infrastructure, few people

today express any pride in the

UK's record on transport plan-ning or land use. Billions of

pounds have been spent on regenerating cities, but always

in a fragmented way. Success

in attracting funds for urban

renewal is as much a function

of the negotiating muscle of

one urban development corpo-

ration versus another, rather

than the result of a coherent market-related strategy.

fast becoming overwhelming.

To create long-term confi-

oversess offices. "This gives them the opportunity to broaden their experience within the company,"

Where a temporary managerial vacancy occurred, an employee at a lower level in the company is given the opportunity to fill the post temporarily as part of their work experience. Temporary staff will be engaged to fill some of the lowerlevel posts.

Andrea Quick, 31, manager of the membership marketing department. plans to return part time after the birth of her child. "I realise I will not be coming back to my current job because that demands a full-time commitment and is not suitable for job sharing," she says. Sue Nimmo, an analyst who works at the company's holiday bank, has just returned to work after maternity leave. "Economic circumstances mean that a lot of mothers are returning to work earlier than

they might have done," she says. Adds Malcolm Hewitt, managing director of RCI UK, also based at Kettering: "Working in this area is complex for managers, but managers in the 1990s have to get used to complexity and have to deal with it in a positive way." He suggests that service companies are adapting to changing working practices more readily than traditional industries where old ideas and prejudices per-

Staff on maternity leave are informed of company developments by newsletters. Next year the company plans to introduce a company network group so that mothers can share their experiences with expec-tant mothers. Meanwhile the company plans a booklet called "Childbirth without tears," with advice and the names and addresses of

Richard Donkin

Office of notary Plerre Van des Eynde at Saint-Josse-ten-Noode (1210 Brussels), Rue Royale 207, Belgium Tel: 32/(0)2-217-43-75

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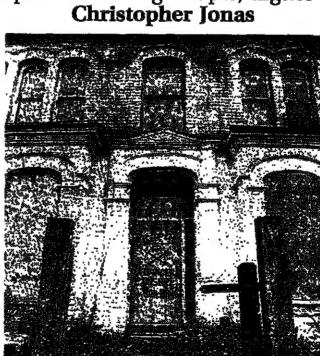
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PROPERTY Strategy for

success The property market can play a part in reviving UK plc, argues



Is it time to challenge the policy of rejuvenating city centres?

The UK lacks an overall plan for the efficient use of its infrastructure. Compared with France, it has been made to look second-rate in the way it has approached the Channel tunnel rail link. Who could have even countenanced encouraging by way of tax relief the development of Lon-don Docklands without first ensuring that public transport would be installed to serve the area? Why does there seem to be a resistance to our integrating land use and transport planning at the highest level?

Britain is now spending £50bn more than it earns each year. In the circumstances, it needs a clearer set of priorities for public expenditure. The only way to achieve this is to formulate a firm set of economic and social objectives. which must encompass the efficient use of the country's vast real estate assets. Is it not time, for instance, to challenge the policy of always

policy on urban regeneration is not about regeneration at all It is more about redevelopment. This policy is based on the presumption that if you build on derelict land, you will attract tenants, create employment and regenerate an urban area.

trying to rejuvenate old city

centres, when the economic

demand for the land and local

labour has moved on? When

Britain led the industrial revo-

lution, new industries were

sited close to factors of produc-

tion. To take an extreme exam-

ple, the country did not require the new industries of, say, Tyneside in north-east England

to relocate to the Lincolnshire fens just because of falling

demand for the agricultural

skills of the people in the fens. Today, industry must be allowed to locate where it can

prosper. Otherwise the UK will

lose industry to European countries which better under-

stand its needs.

Much of the UK's present

The demand for land over time is dictated by the willingness of people to work or to live on it. Britain's most magnificent cities prospered because they were able to attract companies on the basis of a compelling economic argument. The buildings constructed during the industrial revolution which conservationists are today trying to preserve, were built only because they were judged to be an asset in contributing to the

local economy. Today, the government's grants regime can certainly help persuade companies to relocate to particular cities. But if there is no long-term, unsubsidised demand the initial and subsequent grants will amount to throwing public

money down the drain. The distribution of population and buildings in Britain reflects the pattern of industrial development of the 19th century. It was a time when labour was cheap and Britain's empire gave it access to plenti-

ful and cheap raw materials. Today, competition in world markets is different. The UK's imperial heritage does not earn it kudos in the eyes of its com-petitors other than when they visit the country as tourists. The UK cannot expect industry to expand in the absence of the right infrastructure. Failure to provide this would force industry to flee abroad.

It is not surprising, given the UK's head start in the indus-trial age, that it has allowed itself to drift. Britain has been enjoying the fruits of past investments, without ploughing more back to provide for future generations. And while the country has slumbered in its complacency, much more aggressive competitors have emerged to pinch its tradi-

tional markets. No business would survive its shareholders' wrath if it failed in its duty to compete effectively. Similarly, no management would be allowed to muddle along in world markets without a clear strategy on how best to capitalise on its competitive advantages. We must devise a forum and a format in which those interested can create just such a plan for UK plc. Those of us in the property market must be at the first meeting and play our full

part in its future.

GUDE.

The author is senior partner of chartered surveyors Drivers Jonas and immediate past president of the Royal Institution of Chartered Surveyors

EXHIBITION.

Perestroika, the second half of Angels, which joined Millennium at the Walter Kerr Theatre last week. both directed by George C. Wolfe. not only completes the theatrical journey that Millermian began, but is a complete dramatic experience of pathos, humour, and insight. The running time for the two plays is a total of seven bours, a different production of Perestroika, directed by Decian Donnelan, opened at London's National Theatre last week.

In Millennium, Kushner sets in motion several interweaving plots that illustrate the identity crisis of 1986's America: a gay couple split apart by Akis; a Mormon couple similarly disintegrating when the husband begins to question his sexuality; and the arch-evil Roy Cohn on his own downward spiral, infected with Aids and embodying the nation's greed and self-interest. Knshner traffics in fantasy in Millennium, but the play grahs the

Theatre

Caesar

1986, it has provided a mixture of the

don, contains the same mixture,

The women are outstanding: Mandana Jones as Calpurnia, wife of Caesar, and Caroline Harris as Portia,

wife of Brutus. They almost succeed in showing that it they had been in

charge, the tragedy would never have happened. In the scene where Portia

speaks of giving herself a voluntary

wound in the thigh to show her con-

stancy, Ms Harris savagely stabs her-

self in the upper leg.
There is also new meaning in Cae-

sar's line: "Let me have men about me that are fat." This Caesar, played by David Sterne, is a paunchy figure, certainly not obese, but well-made.

Dressed in a camel cost, no tie and and a long white evening scart, be looks a jolly enough fellow, perhaps praciding over a rogby chib rather

Terry McGinity's Cassius is very

impressive, a genuinely worried man,

possibly rightly convinced that Cae-

rosselmeyer's disease is a

mysterious scourge. No

respecter of persons, it

afflicts dancers, public,

managements - even critics, who

perform The Nuteracker.

among us now.

the inspired.

Julius

1dex

Heavenly encounter

Karen Fricker hails the Broadway production of Tony Kushner's epic play 'Angels in America'

andience's imagination and its heart because the unreal world he creates seems more like life than finely detailed naturalism.

In Perestroika, the first play's stories untangle, settle, and resolve with bracing pace and cracking dialogue which is even funnier than that in Millennium. Yet it is a darker play than the first; Kushner seems to be reeling the audience in after Millermium's blast of adrenaline. While in *Millennium* the Mormon wife Harper takes a Valium trip to Antarctica, in Perestroika she only makes it as far as the Brooklyn Bridge, In *Millennium*, Harper and Prior, the gay man with Aids, meet in his jewel-encrusted drag fantasy; in Perestroika, they meet in a grotty Mormon visitors' centre. Prior's beavenly encounter in Millennium is that play's coup de théâtre: a gorgeous white-winged angel crashes through his ceiling and calls him a prophet. Prior makes it to heaven in Perestroika, but it is a dark and mournful place, with a backdrop of broken columns and a bevy of black-gowned, silent angels; little wonder he rejects their offer of immortality and returns to the flawed earth.

The most surprising thing about Perestroika is its uplifted ending. There are those who will be unwilling to accept that a writer who lays out what is wrong with the world could, in the same (extended) dramatic breath, embrace the world despite its flaws. Yet Kushner's resolution of the play's plots and themes cannot be faulted on a dramatic level; it is intellectually and emotionally logical and, yes, uplifting: wrong is ounished, the good get another chance, and even the most harde

show the capacity for change.
In the epilogue, the arc of the play that rises during Millennium and descends throughout Perestroika completes its journey. Prior closes the play by speaking to the audience the words the angel gave him at the end of Millennium: "the great work begins". It is a challenge, and an act of benediction.

The work for us may be just beginning, but for Kushner it is finally complete. He has turned Perestroika around since its world premiere in Los Angeles last November, when it appeared as a deeply flawed attempt to tie up Millennium's strands, Kushner transformed Perestroika not by adding new material but by cutting

and reshaping.
While director Wolfe's work on Millennium was sketchy and tentative, he directs Perestroika with

subtlety, verve, and intelligence. Millennium dragged, but Perestroika clips along, its comic timing acute. scenes intersecting and overlapping in a contained explosion of energy. While Robin Wagner's set of revolving walls and sliding panels. which both plays share, seemed an unhappy compromise in Millennium, the design is put to livelier use in Perestroika.

Wolfe's excellent cast has only improved since Millennium. Stephen Spinella, who has played Prior since Angels' first production in San Francisco in 1991, is still breathtakingly fresh in the role. Kathleen Chalfant moves between roles, from the "world's oldest living Bolshevik" in the prologue to the tight-lipped Mormon mother, to Ethel Rosenberg, with extraordinary ease. In Wolfe's Millennium, Ron Leibman had every look of an actor out of control as Roy Cohn - all spitting, gasping intensity; here it keeps that fierceness in check and his deathbed raptings are both harrowing and hilarious, Marcia Gay Rarden's Harper is a revelation: she combines childish petulance and womanly longing to make what previously seemed an unplayable character one of the play's central figures.

Pop/Antony Thorncroft

George Michael

believe that the 1990s is the caring decade. Many of them seem to have abandoned their careers in favour of charity fund raising and Aids is the cause closest to their hearts. So good will, sentiment, love and peace, and an overwhelming atmosphere of self-righteousness, temporarily converted Wembley Arena into the ark of the new covenant on

Wednesday night. George Michael had organised a Concert of Hope, and the Princess of Wales was there. She received the the sort of reception usually reserved for U2, but did not join Michael in the Wham Rap. She deservedly let him pick up the laurels.

Michael is in an odd sort of limbo at the moment. He is in a well publicised legal dispute with Sony, his record company, which he accuses of inhibiting his creative development. He wants artistic respect; they want a mega pop star. So occasions like the Concert of Hope are his best, if not only, opportunity to touch his

They loved him. There were few signs of the higher seriousness. He still manages a three day growth of beard; he still wiggles his hips like Cliff Richard in 1960. He hardly needed to give a twitch to get the audience to stand and stomp and clap him through his newly adopted theme tune, one which

op stars, naive sweet-ies that they are, still cess, "Freedom".

But the emphasis is on the voice. Michael sings now with the fullest throttle and he has a weakness for the big ballad. like "Love's in need of love today". On the oval stage, set in the heart of the Arena, he showed no signs of rustiness; it was a dominating, assured, performance, culminating in an extended "Everything she

Michael was very much the ring master of his three star circus. His two supporting stars were Mick Hucknall, of Simply Red, and k.d. lang. I'm worried about Ms lang. I loved her when she was a Canadian cowgirl, with a feel for the sentimental ballads of the 1940s, a kind of spunky Garrison Keilfor I was even charmed by the modesty of a lower cased name. Now success has turned her into an unstoppable torch singer, swathed in layers of white sheeting and stomping around the stage lighting an unsubtle sound system. She is just plain old Karen Lang, the cabaret circuit queen.

But Hucknall delivered in spades. He really is honey voiced and he gave the audi-ence what it craved, a string of hits, including the modern classic "Stars". He caught the easy going, celebratory, uncrit-ical mood of the occasion. The MC was a restrained David Bowie, acting as the voice of conscience on an escapist even-

Concert/David Murray

Sawallisch's Strauss

n Tuesday the Lon-don Philharmonic Wolfgang Sawallisch again as their conductor, in the Royal Festival Hall. He is 70 now, and one of the last masters of his generation: infinitely knowledgeable about the Austro-German repertoire, hugely skilled at making his orchestras understand what he wants and play up to it. We should treasure Sawallisch.

The LPO played Strauss's auto-celebratory Symphonia Domestica for him. It is the composer's most unnecessary big work. It came at the fagend of his "symphonic poems", in 1903 - even before the Salome which turned him into an opera-composer for the remain-ing half of his long life, Enthusiasts praise the intricacy of its counterpoint: all those marital and familial Leitmotiven so forcibly welded together, in opulent orchestral dress.

But the original model was surely the three-tunes conjunction in Wagner's Meistersinger Overture - the Mastersingers, the Prize Song and the Apprentices all at once. (Having read the programme-notes, we pride ourselves upon noticing that.) Liszt's reaction to it was scathingly honest: something like "Ah, so you're doing counterpoint then!" There is a great gap between that kind of conscious exercise, like Strauss's Symphonia, and (say) the vital, fluent interplay of parts in

On the other hand, every musical element in the Symphonia boasts Strauss's hallmark. If there is something fac-"symphonism", his ubiquitous personality is vivid and real as could be. Sawailisch has

always struck me as a prag-matic, intelligently sceptical interpreter, disinclined to attach weight to anything but what is actually embedded in the notes. Here, he captured the lusty colours and the just emphases for every moment in the inflated score; the result was transparent far beyond the norm, superbly controlled and grandly disarming. Earlier, he introduced us to

Werner Egk's 1949 "French Suite after Rameau", which few of us will ever hear again. Its five movements are bright, angular, quirky fantasies on harpsichord pieces by Rameau: some dissonant birdsong, a jack-booted Gigue, a smoothy elaboration of "Les tendres Plaintes". They fairly breathe their sw period, which Sawallisch must know through and through. From 30-odd years ago I retain friendly memories of Egk's Dic Verlobung in San Domingo a Latin-American film noir piece, and hope that the ENO may

one of these days try it on. In Bruch's celebrated G minor violin concerto - period stuff - Sawallisch supplied a faultlessly sympathetic accompaniment for young Leonidas Kavakos, replacing the phenomenal Maxim Vengerov. (That still-younger Siberian emigrated a few years ago to Israel, and has been called up for his National Service there; we must hope that he does not hurt a finger or a wrist, for he is irreplaceable.) No invidious comparisons: the Kavakos technique was equal to every demand, and his plain, open sincerity shone where more seasoned and cynical violinists resort to flashy tricks-of-thetrade. We shall hear much more of him.



Burt Caesar as Brutus and Terry McGinity as Cassius in the English Shakespeare Company's production

tus was the noblest Roman of them all. Cassins was a conspirator with not much to be said for him. Mark Antony was a chancer who emerged

Modern taste has begun to lean

contrast. Played by Burt Caesar, he seems neither the brightest or the

Alex Hardy's Antony is more of a pop star. When he incites the crowd at Caesar's funeral, he employs delibseveral other recent productions of interesting figure. Certainly in this the play, that one notices a change in sympathies. Tradition had it that Bru-roff, Brutus is a very dull man by in gradual build-up. And when he makes his final comment on Caesar at seems to be vaguely South African. It is end of the play, it is almost flip.

He tosses off the lines about nature standing up to all the world and saying "This was a man" as if they had only just occurred to him and will be as quickly forgotten.

The production is done effortlessly

it particularly detract. The ESC is sponsored by IBM, Next week at the same theatre Bogdanov will present his version of the Faust legend, designed especially for chil-

Malcolm Rutherford

Shaw Theatre, NWI. (071) 388 1394

Ballet/Clement Crisp

'The Nutcracker', Kirov style

might be thought to be immune ham's Royal Ballet - is well manwith a mindless desire to see or to nered in technique, with a style that Deformity is often part of the sickspeaks clearly of Kirov example. It ness, since versions of the ballet can ooks, even in the merry nonsense of be stunid, revisionist, loaded with as Nutcracker, coherent as an ensemble, much gimcrackery as a Christmas unified in training. The production they bring is a bit of a muddle, but tree. Yet maddened by a need to hear the score, and often to traduce it; crazed by a lust for snow-flakes, giant mice and toy soldiers - you may judge how hideous are the symptoms - the victims flock to theatres, seeking alleviation for this syndrome. Like 'flu it is a winter hazard, and central seriousness of the event.

archikov, a former director of the like the new Beijing strain, it is Five different stagings are threatened this year: the first outbreak, and made in 1934 by the eminent Lenin-I'd venture the the size of Birming-

grad ballet-master Vasily Vainonen, We have seen some of this before in Kirov performance, and its surelymade classicism argues the importance of Vainonen as a creator. What is new to us, and remarkable, is Vainonen's fashioning of the snow-flakes' waltz. Bold in shape, driven and swirling through shifting patterns, the dance evokes not the gently drifting snowflakes we are used to, but a storm of Russian snow as it falls. I thought it beautiful in its sweep, and excellently done by a strong female

The company is lively in this, as in everything. Though the dramatic line of the first act is unconvincing,

motive force, the dancers are enthusiastic, and the thin "look" of the production (Soviet-flimsy in Act 1; much more magical with the snow-scene) must be excused because of the haste of this visit. The child heroine, Masha, was taken on Wednesday with real charm and, when transformed brilliancy of means by Elena Kula-

Vainonen's culminating gift to Masha is the great pas de deux, which he turns into a display of pyrotechnics by giving the ballerina five cavaliers who throw and catch her in bravura fashion. (It is a fascinating period piece in evoking the acrobatic manner favoured in Soviet ballet during the 1930s). Kulagina, gleaming. effortless, is a delightful exponent of its manner.

divertissements of the second act show that the Perm company has lively soloists: I hope we shall see them again in a more searching repertory. The score is recorded, and wellplayed by an excellent but un-named orchestra.

Nutcracker, Derngate has brought

into the second act's ballerina, with

since this visit has been arranged at breakneck speed (the Ballet du Nord's defection was only six weeks ago) we can accept a somewhat routine air to the narrative, and be grateful for the The production is by Nikolay Boy-

company, and is cursory in dramatics. Its fascination is that it incorporates much of the Nutcracker choreography

because Drosseimeyer is unclear as a

Her chief cavalier, Vitaly Polesh-chuk, is clean in style, elegant. The

As a most intriguing sidelight on

over a small exhibition of designs for this ballet from the archives of the Boishoi Theatre. Some 60 costume designs are on view, by Konstantin Korovin for the Bolshoi's 1919 production by Gorsky, and by Vladimir Dimitriev for Asaf Messerer's 1939 staging. They are fascinating, important.

The Nutcracker at Derugate Theatre, Northampton, until December 11.

PARIS

Convent of St Agnes of Bohemia images of Dante in Czech Visual Arts. Ends Feb 13. Closed Mon (U Milosrdnych 17, Stare Mesto) St George's Abbey 16th and 17th Netherlandish Drawings from the National Gallery's collection. Ends

ROME Palazzo dei Conservatori

Galleria Giulia Lithographs by Max Beckmann and George Grosz, Ends

of the numerous engravings made of his sculptures. Ends Jan 6. Daily (Via della Stamperia 6)

INTERNATIONAL

EXHIBITIONS GUIDE

Stedelijk Museum Donald Judd: a selection of the American artist's sculptures from Dutch public collections. Ends Jan 23. Daily Van Gogh Museum Georges de Feure: an exhibition devoted to the Symbolist painter and Art Nouveau designer. Ends Feb 13. Félix Bracquemond: 40 works by the Frenchman who took part in the late 19th century revival in decorative arts and printmaking. Ends Feb 13, Daily Rijksmuseum The Oriens Atlas. Enos Jan 30. Closed Mon

BALTIMORE Museum of Art William Paley Collection: 70 works by Cezanne, Matisse, Picasso and others. Ends Jan 9. Closed Mon and Tues Walters Art Gallery Sacred Art of Ethiopia: an exhibition tracing the Christian history of Ethiopia through 100 icons, illuminated manuscripts and liturgical goldsmiths' work from the fourth

to the 18th centuries. Ends Jan 9. Closed Mon

Martin-Gropius-Bau Japan and Europe 1543-1929, Ends Dec 12. Closed Mon Museum für Ostasiastische Kunst Early Chinese Bronzes from the Klingenberg Collection. Ends Jan 9. Closed Mon

Museum für Islamische Kunst Imaginary Animals in Islamic art. Ends Jan 31. Closed Mon and Tues Aegyptisches Museum Thomas Mann and Egypt. Ends Jan 9. Closed Fri Brücke Museum Ernst Ludwig

Kirchner: drawings and watercolours by the German expressionist painter. Ends Jan 9. Closed Tues Kunstgewerbernuseum Interior Design in Germany in the 1950s.

Ends Jan 31. Dragons of the North: Norwegian goldsmiths' artwork from the turn of the century. Ends Dec 30. Closed Mon RIFLEFELD

Kunsthalle Picasso's Late Work 1966-72: paintings and drawings from worldwide collections. Ends Jan 30. Closed Mon

CLEVELAND Museum of Art 18th Century Art in Japan; scroll paintings, screens and caramics illustrating the vitality of Japanese art of the period. Ends

DUISBURG Wilhelm-Lehmbruck-Museum 20th century Catalan sculpture: the exhibition, drawn from public collections in Barcelona, features

works by Gonzalez, Picasso, Deli. Taples and others. Ends Jan 2.

FLORENCE Museo Pecci Robert Mapplethorpe: a retrospective of the talented and provocative photographer who concentrated on religion, race and sex and died of Aids in 1989. Ends Jan 7. Closed

Galleria del Costumo di Palazzo Pitti Fashlon at the Court of the Medicis, Ends Dec 31.

Stadel Rosso Fiorentino's Madonna with the Child John. Ends Jan 30. Closed Mon

FRANKFURT

Burrell Collection Degas in Bronze: the complete set of 73 sculptures, including The Little Fourteen-year-old Dancer, plus paintings and pastels from the Burrell's own fine collection. Ends March 13. Daily Hunterian Art Gallery C.F.A. Voysey: decorative designs 1880-1930 showing his outstanding skills as a designer of fabrics and wallpapers. Ends Jan 22. Closed

Gustav-Lübcke-Museum Secret Treasures of Egypt's Tombs: this together North-Rhine-Westphalia's rich public collection of ancient Egyptian artefacts, which are being exhibited for the first time for many years, alongside the museum's growing collection of 20th century art. Ends Feb 27, Closed Mon

Victoria and Albert Museum Art of Holy Russia. Ends Jan 8. Daily Accademia Italiana Renaissance Florence: The Age of Lorenzo the Magnificent 1449-92. Ends Jan 23. Daily Tate Gallery Ben Nicholson. Ends

Jan 9. Daily Royal Academy of Arts Great Master Drawings from the Getty Museum, Ends Jan 23, American Art in the 20th Century. Ends Dec 12. Daily British Museum Drawings from

Chatsworth: 120 sheets by artists including Dürer, Holbein, Rembrandt, Rubens and Watteau. Ends Jan 9. Daily Hayward Gallery Alphonse Mucha: retrospective of the Czech Art Nouveau artist, Ends Dec 12. Roger Hittor: 100 works by one of the

most vital British painters of the

postwar period. Ends Feb 6. Daily

National Portrait Gallery Thomas Eakins: retrospective of the 19th century American portraitist. Ends Jan 23. Daily National Gallery The Wilton Diptych. Ends Dec 12. Ken Kiff:

a sampling of the work of the

Gallery's second associate artist.

Ends Jan 9. Daily MADRID

Prado Goya: cabinet pictures, sketches and miniatures. Ends Feb

Fundacio la Cabra J.M.W. Turner: drawings and watercolours from the Tate Gallery in London. Ends Jan 20. Closed Mon Centro de Arte Reina Sofia Vienna 1900. Ends Jan 10. Agnes Martin

retrospective. Ends Feb 21. Closed

Kunsthalle der Hypo-Kulturstiftung Winterland: more than 80 paintings by Norwegian painters of the 19th and 20th centuries. Ends Jan 16.

Staatsgalerie moderner Kunst Etta and Otto Stangi Collection: 260 paintings form a tribute to the Munich couple whose gallery supported young German artists after the war and who collected works by Klee, Beckmann, Jawlensky and Poliakoff, Ends Feb 13. Closed Mon Akademie der schönen Künste Henri Michaux (1899-1984): 130 paintings and drawings by the

French poet and artist. Ends Jan

9. Closed Mon

NEW YORK Metropolitan Museum of Art Art of Medieval Spain. Ends March 13. The Annenberg Collection of Impressionist and Post-Impressionist Paintings. Ends mid-Dec. Master Drawings of the Hudson River School. Ends Dec 26. The Elephant and its Ivory in African Art. Ends Feb 27. Fusuma Paintings from Ryoan-ji and the

Lore of China in Japanese Art. Ends April 24, Closed Mon Guggenheim Museum Roy Lichtenstein. Ends Jan 16. Industrial Elegance: objects of everyday mechanical beauty selected by 63 architects and designers. Ends Jan 23. The main museum is closed on Thurs, the Sollo site on Tues Museum of Modern Art Joan Miro: 400 paintings, drawings, sculptures,

ceramics, prints and illustrated books by the Catalan master. Ends Jan 11. Robert Ryman. Ends Jan 4. Closed Wed

Musée d'Orsay From Cézanne to Matisse: Masterworks from the Barnes Foundation. Ends Jan 2. Closed Mon, late opening Thurs (reservations: 4410 7300 or at Fnac

shops) Musike d'Art Moderne de la Ville

of Matisse: the three monumental

de Paris Around a Masterwork

versions of the Dance ordered by Dr Barnes for the principal gallery of his foundation in Merlon are shown for the first time side by side, together with preparatory sketches and photographs. Ends March 6. Closed Mon (11 ave du Louvre The newly-opened Richelleu wing completes the major part of a grandiose project to transform the former royal palace into the Grand Louvre. It houses the collections of Islamic art, medieval art (including the Treasure from the Abbey of Saint-Denis), Rembrandts, Rubenses and French paintings from the 15th to 17th centuries. Two covered courtyards display French sculpture under gigantic glass roofs, while a third is a reconstitution of two facades of the Assynan palace of Khorsabad, Closed Tues (entry through Hali Napoleon under the Pyramid)

Versailles Versailles and the Royal

Tables of Europe from the 17th

to 19th centuries. Ends Feb 27.

PRAGUE

Closed Mon

Jan 2. Closed Mon (Prague Castle) Rediscovering Pompei. Ends Feb 12. Daily Dec 7. Closed Sun and Mon (Via Giulia 148) Calcografia Antonio Canova and Engraving: an exhibition showing the importance attached by the Venetian sculptor to the quality

WASHINGTON National Gallery of Art The Age of the Baroque in Portugal. Ends Feb 8. Ends Jan 17. Daily Hirshhorn Museum Willem de Kooning, Ends Jan 9. Daily Walters Art Gallery Artists of Ecquen. Ends Feb 6. Closed Mon Textile Museum Safavid Persian Textile Arts: textiles and carpets from the 17th century, a golden age in Persian textiles. Ends May 1. A Textile Journey in Japan: garments and household furnishings illustrating the use of textiles in daily life from the late 18th to early 20th centuries. Ends Feb 27, Daily

or seven years, Merck the world's largest drugs group, has been voted Fortune magazine's most admired US company. Its reputation has been based on a talent for discovering and developing new medi-cines, innovative and successful joint ventures, and an apparently remorseless ability to achieve double-digit earnmgs growth.

But Merck's global standing. and the judgment of Dr Roy Vagelos, its charismatic chairman, are now being questioned. Sales growth is falter-ing, battered by an increasingly competitive environment; the launch of Proscar, a treatment for enlarged prostate, has been disappointing, and Merck has few exciting new drugs in the pipeline. In addition, the direction of the company remains unclear after Dr Vagelos's retirement next year. His heir apparent

and chief operating officer, Mr Richard Markham, resigned unexpectedly in July. No obvious successor has emerged. Concerns among shareholders that Merck had lost its way were heightened soon after Mr Markham's departure, when the group announced its intention to acquire Medco Contain-

ment, a drugs mail order com-pany, for \$6bn. Medco has an ual turnover of \$2.5bn and net income of \$138m.
The deal, which has been given the go-ahead by regulatory authorities, is a radical departure for Merck, and signals a shift from research and The acquisition has been described as a watershed in the drug industry. Dr Vagelos

"We're not just trying to remodel Merck, we're trying to remodel the entire industry. The rest of the sector normally follows what we do." However, industry executives and the investment community remain divided over the move. Some view it as visionary and inspired. Others believe the acquisition was

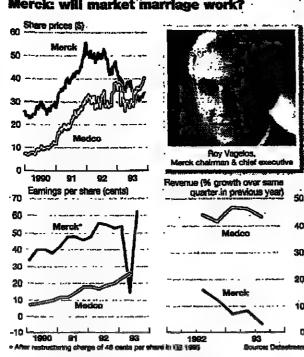
overpriced and will offer no

lasting competitive advantage in pharmaceuticals marketing. The Medco acquisition is Merck's response to the rapid changes overtaking US pharmaceuticals. In the world's largest market, hospitals and doctors are banding together to negotiate bulk discounts in an effort to keep down healthcare costs. Merck estimates that in 1991 only 33 per cent of health provision was supplied through bulk buyers, known as managed care organisations. Within two years, it forecasts the figure will be 67 per cent.

Treatment for faltering growth

Paul Abrahams examines the health of US drugs group Merck

Merck: will market marriage work?



Merck believes the implications of this consolidation are momentous. It is particularly being hit by discounts in the highly competitive markets of cholesterol-lowering treatments and medicines for

Bulk buying has been accom-panied by greater prescribing of generic drugs, which are less expensive than their patented counterparts, Kline. the New-York based industry analyst, believes the generics sector could double to \$10bn between 1992 and 1996. The growth of generics will accelerate as patents expire over the next two years, including that of Bristol-Myers Squibb's Capoten, a heart drug with world-wide sales of \$1.60n.

Competition has already lowered prices of drugs," says Dr Vagelos. "Annualised price increases to the third quarter of 1993 averaged only 3.5 per cent. That compares with 9.9 per cent in 1990. We see price increases as a thing of the past." The healthcare reforms being prepared by the Clinton administration will exacerbate the industry's plight, he adds.

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Friedrichsdorf, Germ

more flexibility in to

our financial systems'

"We need a more

Efficient system'

US market is slowing, from 18 per cent in 1992 to 4 per cent this year, according to observers. In this sluggish environment, market share is increasingly important.

Such a consideration was an important impetus behind the acquisition of Medco, which supplies medicines to about 33m Americans. The crucial factor is whether Merck can expand that number and ensure that Merck products get the lion's share of business. If Dr Vagelos is successful, the deal should pay for itself within the three years promised by Merck. Dr Vagelos says there are

other benefits. "We will acquire the ability to capture all the information when a person has a mail order prescription or goes to a pharmacy. This will allow us to capture more and more data on the individual, the diagnosis, and the doctor," he explains.

He believes Medco's large databases will give Merck valuable information about the cost-effectiveness of its treatments. In a scheme known as capitation, Merck intends to use this information to provide

"We spend far too much time

re-organising our Financial

systems around the World"

large US companies with medi-cal cover for employees for an annual set fee per head.

We will share the risk. One of our drugs is Proscar, which fantastic for stopping the growth of benign prostate enlargement. We are talking to customers about putting their males who have enlargement on our drug and then guaranteeing they will get relief. If not, we will pay for the opera-tion needed to deal with it."

Not all are convinced by Dr Vagelos's vision of integrated pharmaceutical care. Mr Ronald Nordmann, pharmaceuti-cals analyst at PaineWebber, the New York broker, says: "I've recommended Merck as a buy every day since 1985. But when it announced its intention to buy Medco, I stopped." One criticism of the Medco deal is that Merck, with its

bureaucratic organisation, will be unable to manage the entrepreneurial mail order group. To counter this perception Merck could install Mr Martin Wygod, Medco's free-wheeling chairman, as its chairman when Dr Vagelos retires, Mr Wygod is already due to join the board.

Other criticisms centre on the possible antagonism of Medco's suppliers and customers. The suppliers, for the most part Merck's competitors. could prove unwilling to supply drugs that boost Merck's profits. Managed care custom ers may be concerned they will increasingly be offered only Merck's drugs, which may not be the best or cheapest options. Finally, it is not clear whether the advantage offered by Medco is sustainable. Merck's competitors could

form similar ventures, or gain access to more comprehensive databases at less cost from insurance companies – an idea they are now contemplating. If Medco's growth slows and fails to generate significant increases in volume for Merck, the deal could prove a drain on profits. Medco's \$6bn price tag could be an expensive entry fee into distribution.

"It could prove to be the most brilliant deal in the history of the pharmaceuticals industry, offering vertical inte-gration and allowing Merck to get closer to its customers. The logic is good. But the price looks too high and the future growth of Medco is questionable," says Mr Nordmann.

Merck should be given credit for trying to stay ahead of the game, forcing change rather than having it forced upon it. But by moving fast, the world's largest drugs group could be moving in the wrong direction.

devaluations make sense? The its above show the Financial is measure of price competitive in Europe, based on nominal tive exchange rates which are weighted by European trade weighted by European trade as and adjusted for relative property in the evidence suggests that see has already made substantial as in competitiveness over the past

vidence suggests that any looks say made sulstantial. The wind thereas over the past sands for

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effect of his Budget. He must have anticipated groans about the increases in tax or the pres-

sure on spending. Instead there is euphoria, and not only in the markets. This could be a worry. The chancellor has been in politics long enough to be aware of the superstition that if you are greeted by cheers on the day of delivery, there is trouble in store. If the economy doesn't get you, your admirers will. When you have been puffed up to the dizzying heights, there is only one way to go.

We can consider some of the possible pitfalls in a moment. First it must be emphasised that the Budget has achieved its purpose. It has started the process of restoring the gov-ernment's authority. This remains as true three mornings after delivery as it did on first hearing Mr Clarke's words on Tuesday. The chancellor had one aim: to begin to lift Mr John Major's administration out of the hole into which it had fallen. The party, and with luck the electorate, had to be shown that Downing Street was back in control of economic policy, following 14 months of destabilisation.

Mr Clarke reckoned that his best bet was to produce proposals that would eventually eliminate the £50bn deficit. All else followed. The public was prepared to expect more austers asures than in fact emerged. That is a routine pre-Budget ploy. The actual cuts and imposts were chosen for their likely acceptability on Conservative backbenches. Nice thoughts about creating a symmetrical or coherent system of taxation were suppressed as

The speech was carefully

Kenneth crafted. Aware that the House of Commons will not listen to anyone for longer than about 90 minutes, the chancellor pruned his words ruthlessly. The traditional, lengthy worldview of the state of economies here there and everywhere was omitted - although Treasury officials would have included one had they been asked. The new unified tax and spending Budget, which enabled the chancellor to announce many decisions in one go, provided him with a unique platform. He would not be Kenneth

> this hugely strengthened the power of the chancellor, and thus his influence with the rest of the government This enabled him to make quick or possibly controversial decisions, without being over-

Clarke if he was not aware that

Clarke knows that

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freeze is stickabout the prime minister's reaction. His prede if you are greeted cessor, Mr Norby cheers there is was not so for-tunate. To take tumate. To take one example, Mr Major was always unsure about changing your admirers will Mr Clarke this

fit. The upshot of the chancellor's efforts to spread the burden was that numerous small items were necessarily turned out to be of greater significance in stating govern-ment policy than the Queen's Speech at the opening of par-liament. Mr Clarke may or may not make it to No 10 Downing Street, but this week he is tasting some of the the delights of being first among

invalidity bene

That said, the government is not out of its hole yet. Take taxation. The shadow chancellor. Mr Gordon Brown, has made a good start to what will be an energetic, and sensible. Labour campaign to remind

winked by the Tories in April 1992. The Conservatives promised lower taxes, no extention of value added tax, and no increase in national insurance contributions. All three undertakings have been cast aside. This may have an effect on future election results, although I doubt it. Much depends on the attention-span of the average voter. Is it as long as that of an elephant or do most of us have the polit-

ical memory of a gnat?
Public spending cuts may be a more serious pitfall. The reductions depend on squeezing public sector pay. The hardest hit sector is probably local government. Think ahead, as Mr Clarke surely does, to next April. Picture the scene. A new bargaining round

ing. In come the higher on domestic fuel, ordained the economy

> week. The inevitable upwards blip in inflation created by the Budget makes itself felt. People who have nodded over the favourable comments made since Tuesday suddenly notice where Mr Clarke's fiscal prudence is coming from: their pockets. Plenty of work for the trade unions, and Mr Brown, there, The supposed government attack on the welfare state is another potential vote-loser for the Conservatives, at least in

Labour eyes. But is it? The and Mr Peter Lilley has a cal-culated purpose. These hatchet-men of the right are working to a long timetable. They are believers in the minimal state,

opinion in advance, threatening more than they do. Their aim, which they pursue with skill, is ever to push forward

the frontiers of the thinkable. Mr Clarke is not a philosopher. His Budget contained nothing on the social security side that is not defensible in its own terms. If it hit Portillo-Lilley targets, they were soft ones. More effective rules for invalidity benefits are common sense. Asking unemployed people to draw on their own savings, if they have any, after six months on contributory benefits is tough, but Bever-idge would have understood. Making the system more like workfare is welcome. Equalising the state pension age at 65, after two decades' notice, is overdue. Throwing in a new benefit to help mothers who take low-paid jobs to finance childcare was Mr Clarke's sig-

right. When the chancellor had gone through his Budget at Tuesday morning's cabinet meeting, several ministers spoke on the welfare state. The upshot was a concordat between right and left. "This government will never take part in any attempt to dismantle the welfare state," Mr Clarke said in his speech later that afternoon. Any deal has a price. "We must make sure that it is a system that future generations will be able to cannot successfully quarrel with that, it will have to wait until its Commission for Social Justice has reported next summer before it can joust with the minimalists' arguments. The Labour leader, Mr John Smith, should not dilly-dally for too long. If the Conserva-tives have the will to build on what has been a good week for them, they will stop looking like losers comfortably in advance of a 1996 election.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Textiles bargaining tactic heavy handed

Sir, Mr J A Nightingale, chairman of the Apparel, Knitting and Textiles Alliance, calls (Letters, November 30) on developing countries to lift their barriers to textiles and clothing in exchange for the phasing-out of the Multi-Fibre

Arrangement (MFA). The MFA is a legalised derogation from the General Agreement on Tariffs and Trade, imposed on developing countries as a "temporary measure" 30 years ago. Imposing unilat-

eral restrictions and then using them as a bargaining chip to get access to developing nations' markets amounts to heavy-handed tactics, not at all conducive to good trading relations.

At Punta del Este, to which Mr Nightingale refers, governments in fact agreed to ensure that developing countries received "differential and more favourable treatment". Their declaration stated: "Developed countries do not expect reclprocity in their reduction of

barriers to trade to developing countries, that is they do not expect developing countries to make contributions which are inconsistent with the individual development, financial and trade needs.

Ending the MFA is one of the few benefits which the Gatt proposal offers developing countries. Diluting those gains by further extending the MFA or pressing for yet more reciprocal actions – options which President Clinton is now exploring - would seriously

undermine their economic Mr Nightingale is right to call for serious bargaining. But surely, instead of trying to wring yet more concessions out of poor countries, his industry would do better to focus on the tariffs ranging from 35 to 60 per cent imposed on European textiles by South Africa, Australia or the US.

campaigns officer, World Development Movement, 25 Beehive Place, London SW9

Short of a TV channel

Sir, Michael Grade (Letters, November 27) may be right to say that the concentration of power in too few ITV hands threatens the free market designs of the 1990 Broadcast-

But he mentions only two of the three radical proposals on which the Act's intentions rested. In addition to the Channel 3 licence tenders and the separation of Channel 4 as an advertising competitor, the Act instructed the independent

Talevision Commission "to do all they can to secure the pro-

It is not evident that the FTC has carried out parliament's wishes, and now is surely the time to ensure that they do so. Advertisers, viewers and independent producers would be the beneficiaries. John Hambley,

Euston Films. Iver Heath, Bucks SLO ONH

Direct debits more efficient

From Mr Richard

Tyson Davies.
Sir, Mr T J Walsh (Letters. November 25) describes the giro payment system available in Switzerland and suggests that British banks should be taking similar steps to reduce cheque volumes. He misses the point. Most households in the UK already use an even more efficient way of paying their regular bills: the direct debit scheme. Once a direct debit instruction has been signed, no further action at all is required by the customer and, even if he is abroad or otherwise unable

to attend to his affairs, the bills still get paid on time. His peace of mind is further enhanced by the provision of a money-back guarantee in the

very rare event that an error occurs. The scheme is actively promoted by UK banks and building societies and, indeed more than 1bn in direct debit payments will be made in 1993. lichard Tyson-Davies, head of public affairs, Association for Payment Clearing Services. Mercury House, Triton Court, 14 Finsbury Square, London EC2A 1BR

ing the statutory right to interest on late payment as a pana-Working in this area for clients both large and small, we continue to find that many of

the causes of late payment lie within the seller's own sale and delivery process. This includes, for example, poor specification of contractual terms and failure to invoice, or invoice correctly, until well after supply. Looking inwardly and addressing internal operat-ing deficiencies may prove harder than placing all responsibility for late payment on to the customer but, in our experience, this approach has always achieved reductions of more than 50 per cent in over-due debt outstanding.

Of course there are managements which are bad pavers as a matter of intent, and sellers need the means to secure swift and just redress. However, for

Dealing with late payers

the existing legal process is Sir. While the adverse mpact which late payment of seen as slow and cumbersome with the likely result not trade debt has on company expected to accord with the cash flows cannot be denied resources required to achieve we can hope that the governit. Rather than adding more ment undertakes an objective legislative burdens to inadeassessment of all the causes quate mechanisms, the governbefore being seduced into seement would do better to make

> this area work more effectively David Rex Associates, 131 Newtown Road,

the existing legal process in

Warsash, Hampshire SO3 9GY From Mr Martin E Simons. Sir, Mr Nigel Wilkins (Letters, November 26) makes an excellent suggestion: that names of directors of failed companies should be publicised. But this should be augmented by names of directors and companies (and of their ultimate holding company) that failed to pay their bills on time - which contributes to

business failure. No public honours should be awarded to directors of companies which impose inequitable or untimely payment arrange-ments on their suppliers. Martin E Simons, 24 Granard Avenue

Thorp: plutonium safeguards one thing, security costs another

From Dr Michael Grubb and Professor Trevor Taulor. Sir. The extensive debate on Thorp in your pages has missed points of central importance. The measures employed to safeguard the plutonium separated will add further to the costs but cannot resolve

the fundamental security prob-

The global surplus of separated plutonium is a fact reaffirmed as a serious concern by the then deputy director of the International Atomic Energy Agency at this institute a year ago. The world cannot develop enough capacity to burn up this surplus over the next few years. Consequently, any plutonium from Thorp which is

consumed in civil applications

leaving other plutonium in more diverse and vulnerable locations for longer. This includes both weapons grade material arising from superpower arms reductions, and reactor grade plutonium (which is quite adequate for countries. Even if every atom separated at Thorp is burned as promised, it thus exacerbates a difficult security prob-

The safest solution to the security problem is to place all separated plutonium in a physically inaccessible form (vitrification) and/or secure international repository (which could include Seliafield). But the relevant governments - including

will be partly at the expense of Russia's - are reluctant to contemplate this due to their perception of plutonium as a potentially valuable fuel. Thorp's operation, and claims about the value of its products will reinforce this myth. Thorp's operation may mean fissile material being held in a

range of states which may not use it for decades, a period in which their political orienta-tion may shift dramatically. It will be difficult to refuse custom from currently "acceptable" regimes, even if they may be politically unreliable in the longer term. Governments holding plutonium stocks for genuine civil purposes may also provoke fears among their neighbours. There are signs that South Korea may seek

plutonium should Japan's stockpile increase.

Finally, the security regime surrounding the separation. storage and transport of plutonium from Thorp is impressive. But how much will it cost, and who is going to pay? Unless the requirements are fully costed and accounted for, not only is the economic case distorted, but the regime itself may eventually be weakened by financial constraints, as has occurred previously with IAEA safeguards operations. Michael Grubb. Trevor Taylor.

The Royal Institute of International Affairs, Chatham House 10 St James's Square, London, SW1Y 4LE

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 . Friday December 3 1993

Sold a pup again

instances of predatory behaviour by British insurance salesmen have become so commonplace that revelations of mis-selling hardly come as a surprise. Yet the Securitles and investments Board's latest findings, reported in the Financial Times today, point to such extensive mis-selling in personal pensions that the picture is becoming increasingly disturbing.
Failures of compliance appear to

have taken place in a significant proportion of the sales of nearly 580,090 personal pension plans to former members of occupational on schemes. These failures, which involve a number of selfregulatory organisations including the SIB itself, go back as far as 1988. A sampling exercise has established that countless transactions were completed on the basis of inadequate investigation of the parchasers' existing pension arrangements and financial affairs. The watchdogs apparently did nothing to monitor those in the system whose selling techniques were known to be in most rgent need of monitoring

None of this need imply that rsonal pensions were inapproorists for each and every one of the customers in question. There will be many, especially among the young for whom the flexibility of a personal pension plan is ppealing, who may remain happy when their circumstances have been investigated. But it is already clear that many older peo-ple have been persuaded to leave good schemes with full index-linking of deferred pensions. Here the enefits are most unlikely to be

matched by a personal pension Redundant mineworkers, in particular, have been shamelessly guilled by salesmen from some of the best-known names in insurance and banking It is not putting it too strongly

to say that this is scandalous. And to its credit the SIB is recognising as much in its response, which will aim to provide appropriate financial remedies, in co-operation with the insurance industry, over the next two years. Co-operation will almost certainly be forthcoming, since the damage to the industry's already tarnished reputation is potentially so great that urgent efforts at restitution are in the insurers' own interest. But the task of investigation and finding appropriate means of restitution will not be easy.

Nor will the damage to the regulatory structure be easy to repair Insurance has always been the Achilles' heel of the 1986 Financial Services Act regime. Since the arrival of Mr Andrew Large at its head, the SIB has sought more vigorously to address this weakness. Yet the latest revelations indicate that an entirely new approach is needed to raise the standards of salesmanship that now prevail in dealing with complex products such as pensions. Education and training will have to be transformed if confidence is to be re-established. In promoting personal pensions with such enthusiasm before the regulatory regime had been tried and teste the government has shown itself to be pretty much on a par with

Pass the sake

The worst fears of Tokyo's salarymen are coming true.
Japan's recession is not turning out to be the short-lived blip that the bureaucrats said it would be. To its credit, Japan's fractious coalition government is still try-ing to revive the economy. But a sagging stock market, troubled banks and increasingly uncompetltive exporters all staggest that a long and painful period of retranchment lies absed.

The latest, if rather belated, evience that the squeeze has a long way to run comes from the Organand Development. Over the last two years, it has publicly supported the Japanese government line that recovery was just around the corner - last June it forecast growth of 1 per cent this year ris-

ing to 3.3 per cent next year. But the truth has slowly sunk in, in its latest report on Japan, published yesterday, the OECD has revised these forecast to zero growth this year and 1.4 per cent next. But even these numbers are out of date. The OECD secretariat now says it expects output to contract this year and grow by less

than I per cent next. Have Japan's growth prospects been deteriorating that fast? No. The OECD has been catching up with reality. It is true that Japanese industrial output fell by 6.2 per cent in October compared with the same month last year. But output also fell by more than 4 per cent in each of the first three quarters of this year. The reasons for this accelerating fall in output are well documented in the report. Medium- and smallsized companies are hampered by a credit squeeze imposed by indebted banks, while the sharp appreciation of the yen has cut competitiveness. In 1990, US hourly-wages were 109 per cent of Japan's. Now they are just 76 per

The report also provides the government with the economic case it needs to justify next week's further fiscal package. Up to now, the OECD has been backing the Japanese bureaucracy in a starile over the appropriate measure of Japan's fiscal stance. But, as this report shows, even on the widest definition of the public sector, Jaman has a much lower ratio of net debt to gross domestic product than the OECD average.

In short, the government can safely cut income tax to stimulate consumer demand, especially if the cut is balanced by a consumption tax rise far enough into the future to avoid damaging recov-ery. Moreover, the scope for tax reform and deregulation to free barriers to higher consumption and speed the growth of the ser-

vice sector is substantial. Yet it looks increasingly doubtful whether fiscal policy can do the trick alone. A further discount rate cut to hold down the yen, a degree of monetisation of govern ment debt and a temporary injection of Bank of Japan capital into the banking sector look more likely to speed what is set, in any case, to be a sluggish recovery.

Private finance

It is easy to be cynical about the government's initiative for attracting private finance for UK public sector projects. One year after the initiative was launched, there are still no new holes in the ground. Patience is running out among many of the construction compa nies which would like to build roads, railways, hospitals and schools and for the banks which would like to finance them.

Yet some progress has been made in clearing the ground for involving the private sector in providing public services. In the health service and on the railways the initiative has eased rules on leasing expensive equipment. NHS hospitals are now forming partnerships with the private sector to build patient hotels. The home secretary plans to use the private sector to build and manage six new prisons.

This week's budget has opened up new possibilities. The firm commitment to introduce tolling on motorways will eventually provide a stream of income to reward companies which build new roads. Since it will be years before electronic tolling can be introduced. the government has sensibly reversed its opposition to shadow tolling. Thus investors in a new road can be paid by the Department of Transport according to the number of vehicles using it.

The chancellor also committed the government to three larger projects, including the modernisation of the west coast railway line between London and Glasgow. This should reassure companies which have become frustrated with "no win competitions" where expensive tenders are submitted for projects that are subsequently withdrawn. Mr Clarke has shown himself commendably willing to sweep away Treasury orthodoxy on private finance, especially in endorsing shadow tolling.

Yet most projects so far agreed have been either free-standing private investments, such as the Dartford bridge over the Thames, or almost entirely financed by the public sector, such as the Jubilee line underground extension. The test will come with joint partnerships involving investment by both the private and public sector.

The Treasury still appears to have an unrealistic view of the level of risk which the private sector will accept in such partnerships. With the channel tunnel rail link, investors are being invited in before the legislative and planning process is complete against the advice of most experienced advisers. The Treasury may also find it hard to stomach the returns that private investors expect to make - especially if earned on the back of a sizeable

investment of taxpayers' money. Striving to find solutions acceptable to both sides is, however, well worthwhile. Contracting out services such as refuse removal and computer management has already produced better value for money in central and local government. The private finance initiative promises to extend similar benefits throughout the public ser-

he billhoard featured a tough-looking squad of soldiers and purported to be announcing plans for privatising the British tising was a well-known lager. It must have seemed a good joke at the time: If there was one thing that could never be privatised, it was the army. But that was five years

Since that spoof advertisement appeared, bits of armed forces activity have been transferred to the private sector. Go to an army base in mainland Britain, and you will no longer find mess meals being cooked, served and cleared up by the Army Catering Corps, but by civilians. Join the RAF or navy as a novice pilot and you will be initiated in flying by a civilian instructor on an aircraft owned and operated by a private-sector com-

pany.

More is to come. Many military vehicles and other equipment will not in future belong to the forces but be leased from contractors. Forces' married quarters will be hived off on a long lease to a private-sector housing trust. Training ransport, distribution, spares and storage may increasingly be looked after by private companies. Already radically shaken up under the government's 1990 Options for Change defence reforms, the forces' support branches are set to be shaken up again in the quest for economies.

Defence planners are searching for ways to absorb a fresh and unwelcome series of spending cuts without damaging the forces' fighting strength.

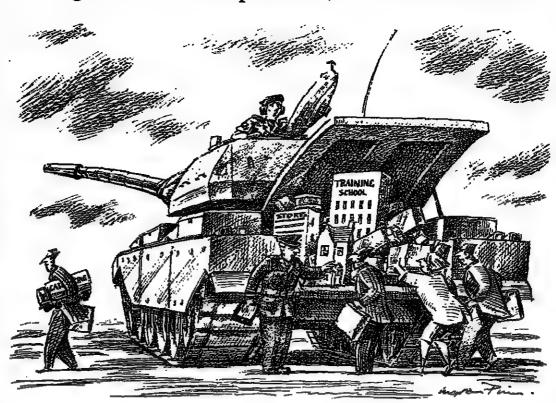
The forces have not yet got over Options for Change. For instance, 80 per cent of armoured regiments have either just amalgamated or are now doing so. But pressure on the £23.5bn annual defence budget has kept increasing. Defence spending is now 16 per cent lower in real terms than in the mid-1980s. A further 12 per cent reduction in real terms is planned by 1996-97.

The biggest cut comes at the end of the three-year budget cycle. The £22.7bn now planned for 1996-97 is reckoned to be £1bn less than the MoD had been counting on in its own confidential plans. This seriously alters the assumptions military planners must use for subse-quent years. MoD officials who have spent three months drawing up long-term costings for the next 15 years must now redo their sums.

Mr Malcolm Rifkind, defence sec retary, argued long and hard with the Treasury over this delayed-action spending curb, while Tory backbenchers dug themselves in to resist further cuts in frontline combat units. Rising bitterness in the forces, already reduced in numbers from 320,000 a decade ago to 270,000

Fewer good men in the line of fire

Defence cuts have stopped just short of reducing the range of the UK's capabilities, writes David White



230,000 in the late 1990s, broke into the open last month when Air Chief Marshal Sir Michael Graydon, chief of the air staff, sounded off about a "disreputable campaign" being

waged against the services. He and the other service chiefs twice made use of their prerogative to see the prime minister directly, in late September and again in October. Senior officers described it as the most difficult public expenditure round they could remember. The MoD had carefully laid its defences. Its annual white paper in

July listed 50 tasks the forces were being asked to fulfil in defence of the UK and its dependencies, in Nato or in support of wider British interests such as peacekeeping. Numbers of battalions, ships and air aquadrons were neatly assigned to each military role. In many cases military units were earmarked for two or more roles at once. Almost all the overseas tasks could be done for UK and Nato defences.

lenge the Treasury. The implicit message was that, if big savings were wanted, it would mean scaling down or abandoning one or more commitments. Which - apart from peripheral commitments such as Belize, where the British garrison is being withdrawn - would the gov-ernment be prepared to drop?

But Mr Rifkind's cabinet colleagues declined the challenge. According to an MoD planner, defence policy is not at issue. The question is whether it has to cost so much. "It is clear," he says, "that the centre of government does not believe in the efficiency of the MoD as an organisation.'

The result will be what senior officers describe as "another massive trimming exercise" - an attempt to do the same job on reduced means. But if funds continue to be squeezed year by year, as seems likely, Britain's broadranging defence effort risks becom ing increasingly difficult to sustain.

The defence cuts so far have not reduced the range of military capsbilities. One exception is the RAF's sub-strategic nuclear capability, which it is due to lose once its current bombs become obsolete. A new missile programme was formally abandoned last month, saving £1.8bn from the MoD's long-term budget provisions. Instead, Trident submarines, carrying limited numbers of warheads, will be the UK's all-purpose nuclear deterrent.

But the array of conventional capabilities, from armoured warfare to strategic reconnaissance, is untouched. Choosing between them would inevitably stir controversy since it would mean favouring one service over another.

To avoid the kind of political storm that blew up over the future of infantry battalions, the MoD combat units. But there will be bread Royal Yacht?

more base reductions and closures and numerous equipment pro-grammes are likely be curtailed,

delayed or downgraded.

A number of important procurement decisions have been held up by this year's budget arguments. Some - the purchase of more Challenger 2 tanks, minehunters and RAF support helicopters - have now got the go-ahead. But others. including new Sea Harrier jets, an overdue production order for torpe does and bidding for the first of two new assault ships, are still pending.

ack-up support for the undergo close scrutiny in order to concentrate manpower and effort on the front line. Mr Rifkind has said the changes will have to be radical to achieve adequate savings. This is likely to mean transferring some activities outside the services and merging others on a joint-service basis. Munitions maintenance, for instance, is being rationalised, with the navy taking the main responsibility for sophisticated weapons and the army for basic ammunition. But in other areas the three services stand apart. Each has its doctors, dentists, educators and lawyers. "The only thing we've managed to amaigamate in 10 years," says a senior officer at MoD headquarters. "Is dog training."

But other officers believe the real opportunities are limited, since the services are distinct and usually at some distance from each other. Joint training in everything would be irrelevant and probably a waste of time," says one.

in any event, few of these measures promise to bring short-term savings. The temptation will be to cut training activity and "consumables" such as fuel and ammunition. This goes down badly with service chiefs. It may cost an extra £500,000 to send a large unit to train overseas, say officers. But if British forces are to play a worldwide role,

such training is "absolutely vital".

Some symbols of that reputation are already showing the signs of hard times. There are fewer bands and smaller guards of honour for state visits. Foot guards lining the streets on ceremonial occasions now stand nine feet apart instead of six. "We're having to spread people a bit more thinly," says the

Among the victims of the latest cuts will almost certainly be the 40-year-old Royal Yacht Britannia. Paid for out of the defence budget it will have to go - unless the Queen finds the means to defray its £12.5m annual costs. or industry takes it over to promote Britain's image overseas. We may not have the Carling British Army, but could

Down to earth, not distant visions



Europe were revealed during the ratification process of the Maastricht treaty - not only in Denmark and

VIEW France and Germany. In order to heal these divisions, the member states of the European Union are turning to a new pragmatic agenda that promises tangible benefits rather than distant visions - one that focuses on implementation rather than on new initiatives. in the short run the agenda is

already crowded. First and foremost, there is the need to complete successfully by mid-December the General Agreement on Tariffs and Trade negotia tions - without which there will be an immediate crisis in the Union.

Second membership negotiations with the European Free Trade Association applicants - Austria, Finland, Norway and Sweden - should be concluded in spring next year. This is necessary to show that the

Deep divisions over Union is not an exclusive club Maastricht treaty (foreign security guided by an informed view of the both the smaller and larger member future of dividing rather than uniting policy and home affairs) must be longer term development of the states? How do we redefine the role

Third, there is the re-casting of the economic agenda to focus on the micro-economic changes needed to improve Europe's economic performance relative to the rest of the world. This does not depend on Community transfers and new regulatory initiatives, but on getting rid of state aids, enforcing competition within the single market and opening up those sectors where state monopolies have led sheltered lives.

Fourth, in respect of macro-economic policy, this means discarding the artificial deadlines for monetary union and emphasising instead the convergence objectives of reducing budget deficits so that less burden is placed on interest rates.

Fifth, there is a redefinition of the concept of "social Europe" away from its equation with new regula-tory burdens on business or new financial burdens on governments towards comparisons of "best practice" in meeting social objectives and towards harnessing private mance. Sixth, the two "pillars" of the

shown to work despite the tarnishing effect of events in former Yugo-

slavia. Last, but not least, the Nato summit in January should see progress in reformulating the purposes of the Atlantic alliance and extension of security links eastwards. This new pragmatism will be wel-

Business wants the commission to focus on managerial tasks not endless laws and unattainable visions

comed by many, not least by the business community. Business would like to see the commission and other bodies focus on their administrative and managerial tasks rather than the endless invention of new legislative initiatives or visions for which there is no clear path to attainment. At the same time, this healthy

turn towards pragmatism has to be

OBSERVER

European Union. The question of the kind of European Union we wish to see develop will not go away. There will be renewed debate next year during elections for the European parliament and in 1996 when the next intergovernmental conference will be held.

Meanwhile, proposals for the next round of discussions on the future shape of the European Union are being forwarded by a group of independent academics and think tanks from across Europe, known as the Constitutional Group. Their report

avoids terms which merely add to confusion, such as "federal" or "confederal", "integrationist" or "intergovernmental". Equally, it avoids simplistic and often self-interested assertions that development of the Union simply involves giving more powers to central bodies such as the commission or the European parliament.

Instead, the report addresses the basic questions Europe faces. How do we structure a union that will embrace all democratic countries in Europe and promote the interests of of the nation state and its institutions within the Union? How do we entrench rule-based procedures rather than discretionary powers in the Union? What are the fundamental values we should try to enshrine in the development of political union?

No one should pretend there are easy answers. But if there was one lesson from Maastricht it was the dangers of governments getting out of step with their electorates. Closer union is in the interests of all. But it cannot be imposed. It must rest on consent. Whether there will be consent to further union may depend on whether governments can first demonstrate tangible benefits of union from the successful pursuit of their new pragmatic

Frank Vibert

The author is director of the European Policy Forum and a member of the European Constitutional Group

Oiled wheels of state

■ Britain's royal family can sleep soundly again; the financial headache of how to pay for the restoration of the fire-ravaged Windsor Castle could soon be over, thanks to piles of the black stuff. No, not coal - oil. According to

an article in the Oil and Gas Journal, the US oil industry's bible, Her Majesty could be sitting on top of one of Britain's biggest onshore oilfields.

Desmond Oswald, boss of the little-known Cannk Exploration, has been poking around underneath the castle for the past four years. He believes that as many as 100m. harrels of oil may be trapped in a reservoir which begins only 1.000 feet below the Castle. Little is known about Canuk, based in Gerrards Cross, but other oil industry sources say the idea is not as barmy as it sounds.

Oswald expresses surprise that "such a large structure should have remained undrilled in a country where extensive exploration has taken place". Having done his homework, he is now seeking a competent operator to contribute financially to the drilling of an

exploratory well. Of course, the royals may not be amused at the thought of nodding donkeys taking their place alongside the Household Cavalry. But times have changed. Prince

Edward has set himself up in the film business and his mum opened Buckingham Palace to paying gogglers for a few weeks this summer. The possibility of a gusher under Windsor Castle should not be ignored just because it might keep the occupants awake at night.

Fee fi fo fum

 On Wednesday night one of the more prestigious head-hunting firms, Heidrick and Struggles, gave a slap-up do at the Royal College of Art, to which all its esteemed clients were invited.

Mingling among the champagne quaffers, Observer was amused to hear one senior chief executive delicately talk business - and make a job offer to a fellow guest. "But don't tell this lot," said the offeror, "or they'll be after their

A little hard on said head-hunters who may well consider charging at the door next year.

King holds on

Good news from the Bank of England. Its chief economist, Mervyn King, has decided to stay on rather than return to academe when his three-year leave of absence from the London School of Economics ends.

Not only is King, 45, one of Britain's best regarded economists. but he is also a keen advocate of

BANK NATIONA TESTING

Remember – let me do the talking

greater openness in UK policymaking. He wants to see greater independence for the Bank in setting interest rates, mainly because this would make officials more accountable to the public for their various policy mistakes. He's generally thought to have made more of a go of the job than John Flemming, his predecessor. who is now warden of Wadham College, Oxford.

There had been rumours that King's enthusiasm for life at the Bank had been tempered by the arrival of ex-Economist editor Rupert Pennant-Rea as deputy governor, However, King's decision to stay on as an executive director suggests that any tensions between the two have been resolved. Having lost Andrew Crockett to the Bank for International Settlements. Threadneedle Street could ill afford to lose another high-flyer in the space of a few months.

Driving seat ■ Remember Kevin Morley, Rover's

marketing supremo who transformed himself into an advertising agency last year? He seems to have made a scintillating success of his first year - at least in terms of his salary. In the first 18 months of the Kevin Morley Group Ltd, he paid himself a salary of £481,593. including a performance-related bonus of £304,316, according to

accounts filed at Companies House. That works out at £321,062 annually, a smidgeon more than that taken by Maurice Saatchi. chairman of advertising mammoth Saatchi and Saatchi. Mind you, Morley has some way to go before he reaches the level of Martin Sorrell, chief executive of WPP. He got \$510,000 in 1497

Decline and fall

■ Last week's sudden announcement that Paris's Grand Palais - the vast, Crystal Palace-type building near the Champs Elysées used for block-buster art shows - is closing for FFr250m of emergency repairs, is somewhat embarrossing.

Among the 20 exhibitions planned for 1994 were January's highly successful SIME salon of museums: March's Salon du Dessin drawings fair; and September's glamorously expensive Biennale des Antiquaires

antiques show.

Even more distressing than this blow to exhibitors and sponsors is the consequent buffeting of French pride. After all, the Palais was conceived as a monument to the brilliance of modern French engineering in the 1900 Universal Exhibition.

France's culture minister, Jacques Toubon, now admits that the Grand Palais was a jerry-built affair; four different architects had a go and the roof was still leaking

70 years later.
The only bit of the building which has been ruled as structurally sound and will remain open throughout the enforced closure is the police station, responsible for guarding President Mitterrand in the nearby Elysee Palace.

My word ■ The OECD's Financial Market

Trends dated October 1993 betrays that organisation's deepest fears concerning the Italian bond market. 'In June, the Italian authorities introduced changes in the guidelines on lead management and secondary market trading of euro-liar securities."



Friday December 3 1993

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China says Patten vote reform ruins Hong Kong negotiations

By Tony Walker in Beijing and Streen Helberton in Hong Kong

China said yesterday that the decision by Mr Chris Patten, Hong Kong's governor, to proceed unilaterally with electoral reforms had ruined prospects for negotiations.

Mr Patten told Hong Kong's Legislative Council that he could no longer wait for agreement after 17 rounds of talks in Beijing on his reform proposals and that he would put "less contentious" parts of his plans to Legco on

December 15. He said he had not broken off talks with Beijing. "We're prepared to go on talking and our team will never be the one that walks away from the negotiating table, never," he said. British officials said Beljing had not replied to a request for a round of talks on December 17 and 18.

Mr Lu Ping, China's top official on Hong Kong, told reporters in

By Judy Dempsey in Berlin and Quantin Pagi in Bonn

Chancellor Helmut Kohl's

coalition of Christian Democrats

and Free Democrats in Germany

strife, amid open speculation

about its ability to survive to the

next general election, less than 11

The fragile alliance won a brief

respite yesterday when the CDU

candidate for premier in the east

German state of Saxony-Anhalt,

Mr Christoph Bergner, was nar-rowly elected to form a govern-

ment, thanks to total disarray in

Yet the speculation about

active plotting within the FDP to

bring down the coalition in Bonn

as well as in Saxony-Anhalt,

Beijing that if Mr Patten tabled a ernment had to begin drawing up reform bill, talks on the colony's electoral rolls and defining confuture would be broken off.

He said: "If Britain puts its package to Legco, no matter if it is a complete package or a partial package, this will mean that Britain has unilaterally broken This was the most specific

warning yet from a senior Chinese official of the consequences of Mr Patten's going ahead with reforms aimed at broadening the franchise for elections due in 1994

Mr Qian Qichen, China's foreign minister, informed his Brit-ish counterpart, Mr Douglas Hurd, this week that Beijing would end the discussions if Mr Patten proceeded with his reforms in deflance of Beijing's strong objections. China will resume sovereignty over Hong Kong in 1997.

Mr Patten said there could be no further delay because the gov-

German coalition threatened

minister, forced his successor, Mr

Klaus Kinkel, party leader, to

The CDU-FDP split in the east-

ern state has merely brought to a

head tensions at national level.

At the same time there is grow-

ing evidence of dissent within the

CDU itself, and criticism of the

chancellor's role, although no

one can propose a realistic alter-

native to lead the party in the

has come from Mr Kurt Bieden-

kopf, the left-leaning CDU pre-

mier of Saxony, who warned yes-

terday that the opposition Social

Democrats (SPD) were set to win

Yet the most serious evidence

of party division, as far as the

The most outspoken criticism

by rise in internal divisions

issue a vigorous denial.

next election.

stituency boundaries.

He insisted that he remained open to negotiations. "Any proposals we receive from the Chinese side we'd have to consider

very carefully," he said. The bill to be introduced on December 15 would reduce the voting age to 18 from 21, abolish government-appointed local councillors and introduce singlemember legislative constituen-

Mr Wu Jianmin, the Chinese

foreign ministry spokesman, warned that the collapse of the talks might affect business relations. His remarks mirrored similar observations earlier in the year by Chinese leaders, including premier Li Peng.
"Economic relations are part of

Sino-British relations," Mr Wu said. "They are affected because of the Hong Kong question."

China has previously retaliated

members of the leadership in the

columns of the conservative

Frankfurter Aligemeine newspa-

per. Even his close allies are

speculating on how to stop the dramatic decline in party for-

tunes and prevent a series of humiliating defeats in local and

In an extraordinary front page

report yesterday, the newspaper quoted one "leading CDU politi-

cian" as comparing the situation to 1982, when the FDP under Mr

Genscher abandoned its coulition

with the SPD, and formed a new

government with Mr Kohl and

the CDU. "We are practically in

the 1982 situation again," he said.

apart, and who should get the

subsidiarity, the report says.

add to the directly elected Euro-

national parliaments. Its role

A Proposal for a European Policy Constitution. Report by the European Constitutional Group.

20 Queen Anne's Gate, London

SW1H 9AA. Par +44 71 222 0554.

Then it was only a question of how the thing was going to fall

national elections.

that displease it. The most recent example was a freeze blaced on business with France last year after the French announced they were selling advanced Mirage

fighter-bombers to Taiwan. China last month squeezed Britain's GEC out of an underground railway deal in Guang-zhou, the southern Chinese city. Beijing's intervention ensure that the main contract went to Siemens of Germany.

Since the 17th round of Sino-British talks ended in stalemate in Beijing on Saturday, each side has blamed the other. China has accused Britain of being responsible for the "failure", while Britused the protracted talks in Beiilog as a smokescreen for inac-

China has denounced Mr Patten's proposed reforms and has threatened to disregard elections held under the Patten formula.

G7 support

Continued from Page 1

Paris in the week after elections to review progress in reforms and prepare further assistance. included in the future aid is a \$3bn fund to support privatised companies with investment and advice, and the second \$1.5bn tranche of the International Monetary Fund's systemic transfor mation facility, delayed after reform veered off track.

 Visits to Moscow immediately after the election by US vice-president Al Gore and in January by President Bill Clinton for a summit with President Boris Yeltsin, The US official said "in spite of

has come down from 30 to 15 per cent a month, privatisation has meant one third of the workforce works in the private sector".

deal nearer

Continued from Page 1

reement on Tariffs and Trade collective powers, and where these powers should best be exerted at the local and national level, in line with the principle of The bicameral parliament advocated by the report would pean parliament a second cham-ber of 175 deputies, chosen by would be to review the need for Europe-wide legislation and to check whether proposed laws met constitutional guidelines.

for Russia

everything 1903 had been a good year for Russian economic reform: real wages went up three times in dollar terms, inflation

US-EC farm

had been kept fully informed on progress. Mr Sutherland is making a statement in Geneva today to a meeting of Gatt negotiators from all 116 countries involved. Market-opening offers from other countries have been held back as the critically important US-EU package has been awaited. "It is essential for other nations like Japan, the Aseans and in Latin America to come forward now with their best efforts," Mr Kantor said. "They must show the same commitment and flexi-bility that the US and the EU have demonstrated over the pas two days." The US is particularly anxious for them to open their markets in financial services.

EU urged to establish new constitutional framework

next year's elections.

By David Marsh, European Editor, in London

Member states of the European Union should set up a two-chamber European parliament to improve democratic control of decision-making, according to an international report published

This is one of the recommendations for a fully fledged European constitution, put forward by a 13member group of academics and researchers from seven European countries.

The report says the need for public debate on a European constitution had been underlined by difficulties in ratifying the Maas-

Europe today

but dry.

Warm air will push further east, raising maximum temperatures above freezing over

the whole of Europe. Only central and northern Scandinavia will still have daytime frost. In

these regions, snow will fall. An active frontal zone will bring heavy min to the British Isles. Denmark and Poland will also have rain. The

Benefus and northern France will be cloudy. but in southern France the cloud will be

lot of sunshine under an extending ridge of

South-eastern Europe will be mainly cloudy.

This weekend, rain will move over the Law Countries and France into central Europe. Next week, an extensive high pressure area

will bring dry and surprier conditions to this region with undespread frost at night. Low pressure systems will make Scotland and western Scandinavia rainy and windy. Another

Five-day forecast

high pressure. A small, but active low pressure area over southern Italy will cause thunder showers to develop there and over Tunisia.

tricht treaty. In addition, the prospective enlargement of the Union in coming years required important structural changes in the way the EU made decisions.

The study group includes representatives from universities and research institutes in France Germany, Italy, Spain, Switzerland, Sweden and the UK.

It says the legal basis of the EU had become "incomprehensible" as a result of two important amendments to the original Common Market treaty, made first with the Single European Act, and then with Maastricht.

Europe needs a constitutional framework to define where European governments should take on

FT WORLD WEATHER broken. Southern and central Spain will have a 1020

series of low pressure areas will bring showers to the Mediterranean. The Balkans will have cloud and sunshine TODAY'S TEMPERATURES STATE OF SEE

Lufthansa German Airlines

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THE LEX COLUMN

Hanson's house sale

The alchemy which allowed Hanson to remain burdened with debt and yet receive interest income is waning. Lower interest receivable in vesterday's figures is the prelude to a nasty reversal next year, as the assumption of Quantum's debt and falling income on sterling deposits start to bite. Without action the interest bill will rise by around £275m. The need for disposals to pay down debt suddenly looks more

Floating house building interests in the UK and US makes good sense. Housebuilders generate little cash even on the upswing, since profits are generally ploughed back into land. The prospectus will tall whether Hanson has been reinvesting in this virtuons manner since it acquired Reaser Homes in 1991. The size of the land bank will determine the final price. While stock markets are taking a rosy view of recovery, though, Hanson will raise more from flotation than trade sales, though the disposals should meet Hanson's \$500m existing overall

How much more is required depends on the strength of recovery. Even if profits rise modestly from here, utilisation of provisions set up against Bea-zer and Peabody - and the £540m cash cost of the dividend - will leave little scope for debt reduction. That might explain the decision not to raise the pay-out yesterday. The 5 per cent fail in the shares is similar to the treatment meted out to BOC last month for taking the same decision. Hanson's status as a yield stock cuts both ways.

Royal Bank

One way of looking at Royal Bank of Scotland's 25 per cent dividend increase on cover of only 1.6 times is that the bank expects only modest loan growth. Without mortgage lending its UK advances would not have grown at all last year. So Royal may be anxious to avoid building up sur-plus capital. Its move could thus be a signal that other banks will raise their payouts to avoid excess profit reten-tion as provisions come down. Royal's dividend, though, is also a striking gesture of confidence that another year of bumper profits lies ahead. It is not just Direct Line. Last year fee income, treasury revenues and profits from its US subsidiary Citizens all showed rapid growth, some of which at least should continue. Royal can thus rightfully claim that diversification has reduced the volatility of its revenues while putting them on a fast

FT-SE Index: 3223.9 (-9.3) Dividend yield relative to the FT-A All-Share Index dividend yield:

pward track. The question is whether this happy combination can last.
At Direct Line, which the previous management stumbled across and the management stumbled across and the new one has cannily locked into the group, prospects look good. Mortgage lending may be less lucrative as base rates fall and competition increases. At some point the market will doubtless perceive a limit to growth, but after yesterday's dividend increase the shares have probably further to rise on yield considerations alone.

.1980 82 84 86 88 90 92

Grand Metropolitan

GrandMet's tub-thumping defence of brands yesterday came as a startling flash-back to the 1990s. But not even GrandMet appears wholly convinced by its revivalist rhetoric. Its £175m restructuring charge to cut its cost base certainly shows a healthier regard for the real competitive forces shaping its markets. Much of that provision relates to its US food businesses, which face a fierce fight defending premium prices. The bigger concern, though, is over its European food arm, which is generating operating profits of just £15m on sales of 2735m, and appears trapped in a strategic cul-de-sac.

Doubts about GrandMet's diversification into foods cannot obscure the underlying strength of IDV. The loss of the Absolut vodka distribution contract will knock profits this year. But IDV's geographic spread and product mix should enable it to maintain robust progress, particularly in devel-

GrandMet's growth ambitions remain constrained by its £2.8bn bor-rowings. The disposal of Chef &

Brewer and its strongly improving cash flow will help ease the strain. But with GrandMet's continuing woes at IEL and Pearle - and its embarrassingly expensive legal dispute with Brent Walker - still clouding the picture, it is hard to see how its 23 per cent underperformance against the market over the past year will quickly

Racal Electronics

If the size of the write-off at Redac was what unnerved Racal shareholders yesterday, then a closer look might have reassured. Some £13.9m of the £20.2m provision was a write-back of acquisition goodwill which had previously been charged to the balance sheet. The Accounting Standards Board is clearly right to insist that companies should not buy, run and sell a business without recognising permanent losses of goodwill. Yet in this case, as many others, the write-off is of merely historical interest with

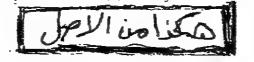
little relevance to future prospects.

Equally, the 15 per cent fall in the share price may have reflected worries about trading prospects. Military radio is an increasingly competitive field in a shrinking defence market. The constant struggle to raise margins in the data communications business is a race to stand still, since even sophisticated technologies are rapidly becoming commodities. Managed networks is a growth area but the company is nitched against some tough telecoms competition. As ever, Racal's problem is to keep enough plates spinning to keep profits moving. Avoiding nasty surprises might please the market too.

The theory behind the recent surge in Volvo's shares has been that oppos tion to the Renault merger reduced the immediate risk of earnings dilution. Combining a recovering Volvo with a recession-bound Renault was never particularly attractive in the short term. Now the opposition has won the day, the market must move on to assess the long-term strategic lacuna. With its limited model range and small home market. Volvo badly needs a partner. But even operational collaboration with a jilted Renault will not be easy. Alternatives may remain elusive while Renault still owns 10 per cent. If Volvo needs fresh capital meanwhile, even its most chauvinistic shareholders should think carefully before stumping up any cash.



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COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1993

Friday December 3 1993

SPECIALISTS IN PROTECTING AND MANAGING YOUR AVIATION INTERESTS - WORLDWIDE.

THE INTERNATIONAL BUREAU OF AVIATION

INSIDE

ING raises profit forecast

Internationale Nederlanden Group, the big Dutch financial services group, has raised its profit forecast for 1993. Page 16

Bank to cash in



A huge advertising campaign on staff, customers and potential investors reaches a peak on Saturday when the price of shares in Credito Italiano, Italy's seventh biggest bank, will be revealed. Page 16

The rapid rise of Alcatel-Alsthom to its position as one of France's most profitable companies has been based on its ability to forge industrial alliances and acquisitions. Page 17

End of troubles for bank National Commercial Bank, Saudi Arabia's biggest and oldest bank, has published results for 1991 and 1992. They cap the end of a troubled few years.

Treuhand goes for longer debt Germany's Treuhand privatisation agency will shift its borrowing to longer-term instruments because of lower interest rates Page 19

Sweden hits a rocky patch A market registering a 50 per cent gain this year was always likely to hit a rocky patch, so there should be little surprise at what has happened

Fraught talks at Brent Walker Brent Walker, the troubled UK leisure group, is rapidly approaching a vital deadline in its efforts to sell or refinance William Hill, its betting shop business. Discussions are understood to have

become fraught Page 20 Racal books small loss Shares in Racal Electronics fell sharply yesterday after the UK data communications, radio and

network services group reported a small interim pre-tax loss. Page 20 European purchase for Scapa Scapa Group, the UK industrial materials group which mainly supplies the paper industry, yester-day announced a European acquisition. Page

P&O in second Chinese deal Peninsular & Oriental Steam Navigation, the UK shipping group, yesterday announced its second investment in Chinese container ports

Companies in this issue

in 10 days. Page 23

Adia		Leeds Group	
Alcatel-Aisthorn		Linread	
Angerstein	23	MEPC	
Angkan Group	23	Marks and Spencer	
Australia Most Hdigs	18	Maxi-Papier-Merkt	
BTR	15	Metro Radio	
Banng Emerging	22		
Brent Walker		Monks investment	
Eristei Products	21	Nat Commercial Bank	
Butte Mining		Naposiar	
CISC		Nissan iberica	
Capital Cities	17	Northumbrian Water	
Cashnga	23	P&O	
Chrysler	17	Pearson	
Compass	20	Procter & Gamble	
ConAgra		Racal Electronics	
Drescher Bank		Ponault	- 16
Bectricity Corp NZ		Prone-Poulenc	
Enlightened Tobacco	22	Royal Bank Scotland	
Fleming Far Eastern	20	Royal Doulton	
Forte	20	Scapa	
Gateway	8		
Grand Met.		Sovern Trent	
Grasoby		Shuwa	
Hanson		Staples	
Hays		Swiss Bank Corp	
Heywood Williams	21	Telou-sa	
ICL	23	Telspoc	
ING		Tindley Robor	
Inchcapo		Un Chem	
feetan		VP-Schlakodanz	
Kingfisher		Veive	- 1
Kmart		Wexham Water	
LA Geor	23	Torkshire-Tyre Tees	

Market Statistics

Base lenging mass	22	THESE STAFF	23-47
Benchmark Govt bords	19	Life equity options	36
FT-A undiges	25	London tradit, options	36
FT-4 world undices	Back Page	Managed fund service	28-32
Fi fixed interest incite	3 19	Money markets	32
FT ISMA est bond 990	19	New art, bond cases	19
Firencial futures	32	Wante commodily prices	24
Fereign exchanges	32	Warte stook mict indices	23
London recent issues	25	UN dividends appropriated	20

Chief price changes yesterday | Charles | Control | Cont 381 • 65 767 • 12 435 • 65 480 • 11 3753 • 105

Rises Gen Meters Fails Dilari United Ng Sent Sears Texts Inti PARIS (FFr)		-	114	Pileon Cows Minns Howarks Coph National Coph	470 1623 563 675 340 375		20 May 42 May 20 May 42
New York pri	cus at 1	230).				
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Rises Rayrons	290	٠	25	Bowata	458		13
Breeze Source	133	-	3	125127 166	:17	_	25
Cartings		•	10	Наласп	76815	-	15
HEYWOOD WITS		•	43 B	L124048	144	_	7
McLeon Russel	732		15	ವಿದ್ಯಾಪ್ತವರೆ. -	92	_	3
Mensie: Swall	733	_	31	MERC	573		:7
Meso Radio Risk	6:		8	Micro Francis	1258		.0.
Portal Bix Scot	ACB.	•	r)	No. of Contracts	57	-	6
Wise Magaza	-68	٠	27	North Facts	212	_	11

Shareholders were unhappy with Renault deal but offer few options, writes Hugh Carnegy Back seat drivers

put Volvo off road

he resignation last night of Mr Pehr Gyllenhammar, Volvo's dominant figure for more than two decades, was the culmination of one of the most extraordinary episodes in Swedish industrial history.

When Volvo announced its proposed merger with Renault in eptember. It was billed as Mr Gyllenhammar's crowning achievement, but instead it turned out to be the beginning of a process which ended in his

in a battle with his shareholders, Mr Gyllenhammar saw a three-year alliance with Renault thrown into doubt and questions raised about the whole future strategy of Volvo.

Along the way, longstanding shareholder disquiet over his dictatorial management style spilled over into outright hostility over what was seen as his bungled negotiation of a deeply flawed agreement with Renault

For shareholders, the core question of exactly how much Renault was paying to take over Volvo's vehicle manufacturing was never properly answered. In spite of the publication of sheaves of information on the deal, the two groups never explained how they had calculated the 35 per cent share of the merged company that Volvo was

The lack of detailed valuations exacerbated strong Swedish doubts over placing Volvo's core assets into an unquoted company controlled by what was regarded as one of Europe's most interven-

tionist states.

These worries were not dispelled by the repeated assurances of France's conservative government that it intended to privatise

Latterly, concern was also saddled by overcapacity.

Latterly, concern was also saddled by overcapacity.

Merger critics argued that the rapid return to profitability at fuelled by growing reports from groups within Volvo - such as engineers - that co-operation between Renault and Volvo under the existing alliance had not gone as smoothly as senior

management had suggested.

Pushed along by saturation media coverage, much of it hos-tile to the deal, these factors helped overturn a mood of the sober acceptance by politicians, labour unions, the business community and shareholders that had greeted the merger announcement in September. As the doubts piled up, the latent

'Volvo will be more successful than Renault'

emotional reluctance to seeing the greatest symbol of Swedish strial prowess fall under foreign control came to the fore. But the question Volvo's shareholders have not addressed is where the company goes if not to a merger with Renault. "Whatever happens, it will be bad for Volvo," admitted Mr Stig Ramel, chief executive of the 92-94 Fund, a state investment fund which was in the "no" camp to the merger. "It is a question of find-ing the way out that is least dam-

merger proposal which Volvo always felt commanded widespread support was the "indus-trial logic" of the deal - the belief that Volvo needed to deepen the partnership already established with Renault if it was to survive

Volvo this year - in contrast to sagging profits at Repault showed that the company could stand alone. They pointed out that Volvo's truck division was much stronger than Renault's. Moreover, they said Renault, which already owns 10 per cent of Volvo. was unlikely to try to reverse out of the alliance which gives both companies large benefits, especially in cost savings.

Volvo will be more successful than Renault. Why should Renault therefore give up their big stake? Nor would they want to give up the SKr30bn in savings the alliance will yield," said Mr Those who rejected the merger

"Over the next two years,

are apparently willing to contrib-ute, via a share issue, to the SKr8bn (\$944m) Volvo has said it will need in new capital if the merger falls. But Volvo has portrayed this as a dangerous short-term view, Its argument is that in the lon-

ger term, Volvo's prospects of survival are fragile - an argument which the Swedish blue-collar trade unions accepted as the basis for their support for the

merger.
"The future of Volvo cars is particularly bleak," said a Volvo adviser. Strong profits flow this year has been helped by a weak Swedish krona and low development costs, as new models have been recently launched. In the meantime, Volvo's narrow model range - it does not produce a small car - is a weakness.

Its market-leading safety record which powered Volvo's success in the 1980s has also been eroded by advances made by



other manufacturers. "Volvo needs a partner, now or later, and later there won't be such a good deal available," said the

Much will now depend on Renault's response to the crisis at Volvo. Within Volvo itself, meanwhile, it was clear last night that the Volvo board will be almost completely reshaped, with Mr Gyllenhammar's allies, including Mr Raymond Levy, the former

Renault chief, stepping down with him. Mr Sören Gyll, brought in as chief executive by Mr Gyllenhammar last year, is now set to exert full influence over Volvo.

He has retained shareholder support throughout the merger episode and will be the key figure

Lex, Page 14; Gyllenhammer, Page 16; World stock markets, Back Page

defends record profits

13.

By David Waller in Frankfurt

Mr Jürgen Sarrazin, chief terday delivered a pungent defence of the German banking sector for making record profits amid the worst recession since

the second world war. Speaking as Dresdner, Germany's second biggest bank after Deutsche Bank, unveiled operating profits up by 16.2 per cent to DM1.6bn (\$940m) for the first 10 months of 1993. Mr Sarrazin contended that banks' profitability limited the damage of recession. Now is the right time for banks to show their strength, as a frail financial sector would push the economy deeper into crisis."

Last week Commerzbank -Germany's third largest bank -reported 10-month profits up 52 sche Rank Germany's biggest bank is also likely to report a growth.

As at other banks, the impetus for Dresdner's profits growth came from securities trading: the contribution from the bank's own-account trading activities more than doubled to DM536.1m after DM234.5m in the comparable period last year (calculated as 10 twelfths of the total profit for last year as is usual for Ger-

Commission income grew 15.9 per cent to DM2.37bn, again reflecting buoyant currency, equity, fixed income and derivatives markets. Net interest income – the profit on mainstream lending business climbed by a more modest 6.8 per cent to DM5.11bn.

Provisions for risks rose 23.8 per cent to DM1.25bn, reflecting the malaise among corporate cli-

As if to reinforce the image of prosperity, Mr Sarrazin disclosed that the stock market value of its 20 biggest equity holdings was more than DM15bn. Stakes include a 10 per holding in Allianz, the Munich-based insurance group. Dresdner also revealed that following the privatisation of Banque Nationale de Paris, the French bank with which Dresdner has forged a co-opera-tion agreement, the two banks own stakes of 0.9 per cent in each other.

Mr Serraxin said that the dividend would probably be sed by DM1 to DM13. The final decision would be taken on the basis of the full-year results.

P&G moves into European tissue market

By Richard Tomkine in New York and David Waller in Frankfurt

Procter & Gamble, the big US consumer products group, is to take its first step into the \$5.50na-year European market for toilet paper, kitchen towel and paper hankerchiefs with the acquisition of VP-Schickedanz, a leading German manufacturer of consumer hygiene products.

The purchase is being made from VPS's parent, the privately held Gustav und Grete Schicke-

BTR, the UK-based industrial

conglomerate, went back on to the acquisition trail yesterday

with an agreed \$320m purchase of

Rexnord, a US industrial manu-

May with Fairchild, the US sup-

plier of aerospace and industrial

components which has a 44 per

cent stake in Rexnord. The UK

group already has irrevocable

commitments for more than 50

Rexnord makes material con-

veying systems, power transmis-

and aerospace seals for US and international manufacturers and

users of industrial equipment. In

the year to June 30, the group made operating profits of \$83m

on sales of \$533m. Net earnings

BTR has been talking since

facturer based in Milwaukee.

danz Holding of Fürth, Germany, The purchase price is thought to be about DM1bn (\$580m), although neither side would confirm this,

The VPS brands being acquired in the deal include Bess toilet paper, Tempo paper handker-chiefs. Camelia feminine protection pads and Certina adult incontinence products. VPS's disposable diaper business is not included in the sale.

BTR back on acquisition

trail with \$820m US buy

many and one in Italy.

Rexnord employs about 4,700

Although the UK group has a

fearsome reputation as a cost-cut-

ter, Mr Alan Jackson, BTR's chief

executive, said he was more interested in increasing Rex-

nord's sales by widening its mar-

ket beyond the US. He said: "In

particular, we see great potential for substantially growing Rex-

nord's sales in the large Asian

He said the purchase would be

if the deal goes ahead, BTR's

gearing is likely to go up from 40

per cent at the year-end to about 60 per cent. Mr Jackson said he

was comfortable with that level,

earnings-enhancing from year

markets and also in Europe."

people. It has 14 manufacturing sites - 11 in the US, two in Ger-

January consolidated turnover at VPS was DM1.5bn and in spite of increased European competition the company had shown a "sound and solid financial perfor-

very cash generative.

BTR said Rexnord's brand

names were a good fit with the group's existing products and

would expose it to a wider mar-

ket. One of Rexnord's attractions

was that 50 per cent of sales were

announced by BTR since it paid

£1.55bn (\$2.3bn) in 1991 for

Hawker Siddeley, the UK aero

space and engineering group. Mr Jackson said BTR was concen-

trating resources on industrial

manufacturing. The policy has

recently led it to invest in Chi-

nese bottling plants and dispose of two wholesale distribution

The UK group will pay a total

of \$420m in cash for Rexnord and

assume borrowings of about

businesses in the UK and US.

Mr Edwin Artzt, Procter & Gamble's chairman and chief executive, said paper products were the group's biggest business after detergents, but this would be the company's first move into the tissue market outside North Schickedanz said yesterday America.

disposable dispers, feminine protection pads and adult incontinence products in Europe, and Mr Artzt said the purchase extended that presence into tis-

> The VPS business is only a small part of the Schickedanz group, a family concern with annual sales of around DM18bn in activities including mail-order, retailing, beer and financial ser-

The recession has forced

businesses". The company was advised on the sale by Morgan

Mr Artzt said the European market for tissues and towels was roughly equal to the disper and feminine protection markets combined.

"The real opportunity, however, is the growth potential of a market with per capita tissue usage well below US levels," he said. "We should benefit from the growth that is sure to occur as

Morse.

For computers of the future.

(and the give)

to issue long bond Germany

and Antonia Sharpe in London

from the international investment community yesterday when it announced plans for the issue of government bonds with a maturity of more than 10 years for the first time in nearly eight

The Bundesbank, the German government's issuing agent, said that next Wednesday the government would sell a new tranche of its 6 per cent bund issue due 2016. The bunds were launched in May 1986.

A senior official at the finance ministry in Bonn said that if next week's auction was a success, the government would consider issuing more long-dated bunds, including a 30-year issue.

Traders expect the auction to snapped up by international rnise DM3bn ta DM4bn. German banks have recently

begun to push hard for a new 30-year bund to bring the German market into line with other leading bond markets. Most German government

the five and 10-year areas of the yield curve, while government bond markets in the US, the UK, the Netherlands and France have liquid, long-dated sectors, with maturities as long as 30 years. Italy has become the latest European sovereign borrower to issue 30-year bonds and Spain will make its first issue of 15year bonds in the domestic mar-

lest this month. Two weeks ago, a DM2bn offering of 30-year Eurobonds by the Austrian government was

investors starved of long-dated bonds denominated in D-Marks and prompted a flood of longeral German federal states. The German finance ministry

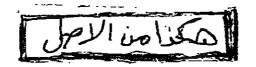
said the government was keen to current low level of interest

Bankers said that it was in the German government's interest to satisfy the demands of international investors since their continued support was central to the government's success in funding its massive borrowing require

Next year, net public sector borrowing is expected to total around DM230bn, marginally below this year's DM235bn



Morse Computers, 17 Sheen Lane, London, SW148HY. 081-876 0404 Fax 081-878 8588



f Volvo stumbles, the trem-

ors are felt elsewhere in

Swedish society," Pehr

Yesterday Volvo did stumble

and the tremors brought down

with them the man who had

led the group for the last 22.

Only three months ago it

would have been impossible to

credit. Then PG, as he is

known in Sweden, looked set

to crown a glittering and con-

troversial career by assuming

the figurehead role at the top

Since then a massive share-

holder revolt, characterised by

strong personal criticism of Mr

Gyllenhammar himself, has

changed everything, so it was

not surprising that when the deal collapsed its principal architect should fall with it.

Along with Mr Percy Barne-

vik, the head of Asea Brown

Boveri, Mr Gyllenhammar, 58,

can claim to be Sweden's best

known industrialist. But he

was never content just to be a

As the head of Scandinavia's

higgest industrial group and a passionate advocate of Swedish.

membership of the European Union, he relished a broader

role as both a statesman and

an ambaseador for his country.

Sometimes it seemed that both

Volvo and Sweden were too

small for his restless energy. This energy manifested itself

in a number of ways. On the

of Renault-Volvo.

Dutch financial services group raises forecast

By Ronald van de Krol in Amsterdem

Internationale Nederlanden Group, the big Dutch financial services group, has raised its profit forecast for 1993 after reporting an 11 per cent increase in net profit for the

first nine months of the year. The improvement was due mainly to continued profit growth in virtually all areas of banking, as well as to higher results in life insurance, particularly in the Netherlands and North America.

withdrawal from the volatile and loss-making field of general re-insurance. Group net profit rose to

The rise also reflects ING's

Fl1.39bn (\$731m) in the first

nine months of 1993 from F11.25bn the year before. ING, which had previously forecast that profits would at least match the 1992 figure, is now predicting a "moderate increase" in profits per share. The group's banking

operations turned in a 17.7 per cent rise in pre-tax profit, outstripping the 6.2 per cent increase reported by ING's insurance arm. ING, created out of the 1991 merger between the Netherlands' biggest insurance company and its thirdlargest bank, is the leading Dutch proponent of "bancassurance", the combining of insurance and banking ser-

vices in one group ING's profits in banking rose virtually across the board, both

at home and abroad, where ING Bank is a specialist in emerging markets banking. ING Bank's relatively new offices in eastern Europe have already started contributing to group profits, the company

In insurance, premium growth was up substantially in all geographic areas when measured in local currencies. Premium income was further boosted by the acquisition of an Australian life insurance portfolio worth Fl 630m in the third quarter.

Besides considerable increases in life insurance results in the Netherlands and North America, ING also saw satisfactory increases in

Sharp decline at Grandmet

By Philip Rawstorne

Grand Metropolitan, the UK drinks, food and retailing group, saw pre-tax profits fall 31 per cent to £630m (\$425m) in the year to September after \$286m exceptional charges.

The rationalisation, which cleared the decks for Mr George Bull's accession as executive, includes: restructuring charges of £175m largely for US food and retailing; provisions of £66m for money owed by Brent Walker on the acquisition of the William Hill betting shops, plus £20m to cover costs; and a

By John Ridding in Paris

Rhone-Poulenc, the French

chemicals and pharmaceuticals

group, could modify the terms

of a proposed merger with Institut Mérieux, following the

suspension of production of a

blood product by the vaccines

Pasteur Merieux Serums et

Vaccins, a division of Institut

Mérieux, said on Wednesday

that it was suspending produc-tion of placenta albumin

because of a decision by the

French health authorities to

NEW ISSUE

group, the company said.

£50m write-down of Grand-Met's UK property assets. But for the exceptionals, pre-tax profits would have been 6.6 per cent ahead at £916m.

Operating profits from con tinuing businesses rose 18.6 per cent to £958m on turnover up from £6.58bn to £7.64bn. Profits of IDV, the drinks division, rose 14 per cent to £561m, and by 4 per cent excluding effects of currency translation. Total sales of wines and spirits exceeded 100m cases for

North American food operations maintained market shares and lifted profits 29 per

introduce extra precautions in collecting human placentas.

which are used to produce pla-

Pasteur Mérieux will take a

provision of about FFr100m

(\$16.9m) to cover the suspen-

sion. As a result, Rhône-Poul-

enc, which owns 51 per cent of

Institut Mérieux, will see its

net profits reduced by about

FFr70m this year. It is expected to report full-year net prof-

its about 30 per cent lower than the FFr1.52bn of 1992.

Rhone-Poulenc, which was

successfully privatised by the

the first time.

centa albumin.

cent to £212m But European food profits, reflecting the effects of recession, fell from £22m to £15m.

Burger King's profits rose 29 per cent to £170m. Another 540 stores were opened, bringing the total to 7,121. GrandMet's share of losses at

Inntrepreneur, the UK pub joint venture with Fosters Brewing, fell from £14m to 59m, and the business is expected to break even this year. Each partner has had to inject £34.5m into the venture since September to ensure compli-ance with financial covenants.

French government last

month, said that a decision

would be taken by the middle

of the month about whether to

alter the terms of an agree

ment to increase its stake in Institut Mérieux from 51 per

Under the terms of the agree-

ment, which was announced at

the beginning of October, it

was to offer minority investors

77 group shares for every five

shares in Institut Mérieux. At

the end of August, Institut

Mérieux had a market capital-

cent to 100 per cent.

Scotland up to £265m for year Rhône-Poulenc rethinks merger

By John Gapper, Banking Editor

Royal Bank of Scotland yesterday reported pre-tax profits of £265.2m, up from 12.6m, for the year to September 30. The figures were helped by a 26 per cent fall in bad debt provisions, a recovery from losses in branch banking, and a sharp rise in income from foreign exchange

Its shares rose 8 per cent completing a 21 per cent rise since the £50.2m pre-tax profits of its Direct Line insurance subsidiary were announced

Gyllenhammar goes down with deal Hanson to float house building

divisions

Hanson, the industrial group, is to float its UK and US building divisions in an effort to reduce borrowing. The Anglo-US conglomerate could raise more than £500m (\$338m) from the two sales.

The housing businesses came from Hanson's acquisition of Beazer in 1991. At the time, Beazer was planning a flotation of the housebuilding activities. Since then both the UK and US subsidiaries have been expanded through small

A flotation of all of Beazer Homes, the fourth largest housebuilder in the UK, should go through by the end of March, and could raise in excess of £400m. The business made an operating profit of £42m in Hanson's 1993 figures. A float of 70 per cent of Bea-

ser Homes USA, which made £16m, and a simultaneous offer of \$125m of senior notes. should come earlier. A filing with the US Securities and Exchange Commission is likely next week.

Hanson made the a ment yesterday with its annual results, which showed a sharp fall in pre-tax profits from £1.29bn to £1.02bn in the year to September 30.

Royal Bank of

Capital increase to cut

Adia, the troubled temporary employment group, yesterday held out the prospect of breaking even next year after two

SFr112.2m for the first nine

months of the year, compared with a loss of SFr219m for all of 1982

one hand, he always seemed to

have some ambitions new deal

on the go, despite the setbacks

he not infrequently suffered

with his plans. On the other

hand, he never shied away

from controversy and often

seemed eager to question

long-standing Swedish taboos.

debate on Swedish member-

ship of the European Union

well before the country had

even applied to join, and talked

about the need for free market

reforms before the country

became serious about adopting

kenness provoked admiration

and envy in equal degrees.

He focused the national

The capital increases consist of SFr100m in new shares to be issued to a consortium of banks which is converting its loans into equity and a SFr100m rights issue which is being underwritten by Mr Klaus Jacobs, the chairman. Following the increase, the group's equity would rise to SF1334m.

If shareholders take up their rights, Mr Jacobs will have a 51.04 per cent stake in the group. If not, his stake will rise to 57.5 per cent. Adia said it expected most shareholders would take up their rights.

Christopher Brown-Humes on the fall of Volvo's controversial chief right by the Swedish government and when two car plants which pioneered "humane"

production techniques were forced to close down. For PG, the deal with Renault looked ideal, enabling him to fuse his pan-European ambitions with his role as Sweden's industrial statesman. A fluent French speaker who holds the Legion d'Honneur, it was obvi-

ous he would revel in the posi-

tion of chairman of the super-

visory board of the combined

Again, his critics say this ambition blinded him to the deficiencies in the accord which shareholders have picked on so relentlessly in recent weeks. A suspicion that the deal was effectively put together by just Mr Gyllen-hammar and Renault chairman Louis Schweitzer - with other Volvo board members remaining in the dark on some aspects of it - was never far

from the surface. This and Mr Gyllenhammar's cavalier attitude to sharehold-ers help to explain why criticism at times centred as much on the Volvo chief's handling of the Renault agreement, as it did on details of the accord.

Many thought the great survivor might pull something out of the bag to save both the Renault deal and himself, even at the last minute. It was not

group net debt at Adia

By Ian Rodger in Zurich

Mr John Bowmer, chief executive, said the group's net debt had come down from SFrL5hn (\$1bn) at the end of 1991 to SFr785m at September 30 1993 and would fall to SF1593m after a SFr200m capital increase approved at an EGM in Lau-

anne yesterday. The capital increase, the second in less than a year, was announced last month when Adia revealed losses of By Kevin Done, Motor industry

Pehr Gyllenhammar (left) and Louis Schweitzer, the chairman of

Some were infuriated by his

arrogance and his domineering

style. Others were compelled

by his charm. If the business community often derided him,

Swedish people were certainly

ious to reel off the Gyllen-

hammar deals that never were,

They include a plan to merge with Saab-Scania, Volvo's

domestic rival; a scheme to sell a 40 per cent holding in Volvo

to the Norwegian government

in return for North Sea oil

rights; and a SKr5bn co-opera-

tion pact with Fermenta, the

year when a plan to take over

The setbacks continued last

Nissan to acquire rest of

troubled Spanish offshoot

pharmaceuticals group.

His critics are only too anx-

Renault: said to have left other board members in the dark

Nissan Motor, the Japanese carmaker, is to pay Pta9.38bn (\$66.6m) to buy the outstanding 29.7 per cent minority share-holding in Nissan Motor Iberica, its Spanish subsidiary. Nissan said Nissan Europe

was offering Pta260 per share for the 36.09m outstanding shares in NMISA. The shares last traded at Pta147 before they were suspended on November 18 and traded at an average price of Pta205 in the 30 days before the suspension. The shares have plunged in the last four months from a

high for the year of Pta423 in

August, as the company's losses have deepened The share price peaked at Pta3,312 in September 1987. Nissan said the terms of the bid had been approved by the Spanish stock exchange commission.

Nissan Motor Iberica has run up heavy losses in the last two years, which are forcing Nissan to undertake a radical financial restructuring in order to comply with Spanish corporate solvency law.

Losses are expected to total around Pta40bn (\$285m) in 1993, which will wipe out around two thirds of the company's share capital, reducing it from Pta60bn to around

December 1993

and derivatives.



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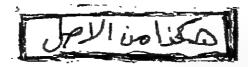
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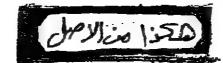
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Capital Cities' share buy-back offer shunned

By Martin Dickson in New York

An offer by Capital Cities/ABC, the broadcasting and publishing company, to buy back 2m of its shares has been largely shunned by shareholders other than Berkshire Hathaway, the investment company headed by Mr Warren Buffett

Capital Cities, which announced a "Dutch auction" tender offer for the shares on November 1, said yesterday that only 1.1m shares had been tendered, and Im of these came from Berkshire Hathaway.

The low take-up suggests many investors expect the group's shares to be valued at more than \$630 a share, which was the upper purchase price limit set by Capital Cities in the Dutch auction. The stock stood unchanged at \$837½ in early trading on the New York

Under a Dutch auction, a company sets a range of prices at which it is willing to buy stock and investors specify a

price at which they are willing to sell. The company then computes the lowest price at which it would be able to buy the block of stock and pays that sum to holders who offered to sell at or below that price.

Capital Cities noted that since fewer than 2m shares had been tendered, it would buy all shares tendered by Berkshire Hathaway at \$630 a share. The purchase will leave Berkshire with 2m shares, or about 13 per cent of the outstanding stock, down from 18 per cent. Mr Buffett has a seat on the Capital Cities board.

An unusual feature of the tender was an agreement by Capital Cities that it would accept either all or none of the 1m Berkshire Hathaway shares tendered in the offer - a condition that could have left Mr Buffet with a 21 per cent stake

Capital Cities decided a buyback was the most attractive use of \$1.2bn of surplus cash. since acquisitions were not available at attractive prices.

Kmart confirms sale of PayLess chain for \$1bn

By Richard Tomkins

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Kmart, the second biggest US retailer, yesterday confirmed plans to sell its PayLess drug store chain to a company controlled by Leonard Green & Partners, a Los Angeles investment firm, for more than

The purchaser, TCH Corporation, will pay Kmart \$592m in cash and assume \$170m worth of debt. The remainder will take the form of 47 per cent of TCH's equity and \$100m worth of subordinated debt

Kmart said it was putting a value on the TCH equity, but preliminary estimates suggested the transaction could result in a \$100m aftertax charge in the current

Kmart is selling the PayLess

chain in line with its strategy of shedding specialty retailing businesses to concentrate on its core discount store operations. Last month it announced that most of its 113 Pace warehouse chibs would be sold to Wal-Mart, and the rest of them clrssed

The company has also indi-cated it was considering selling stakes in its Sports Authority sporting goods stores, Borders book stores, OfficeMax office supply stores and Builders Square home improvement stores through initial public

TCH Corporation owns two drug store operations: Thrifty Drug Stores, with 494 drug stores in California, and Bi-Mart Corporation, a membership discount drug and general merchandise chain with 41 stores based in Oregon.

Televisa wins Mexico TV network

concession

By Demian Frager n Mexico City

Grupo Televisa, the Mexican media group, has been granted a concession to 62 television stations that will enable it to extend a television network across much of the coun-

Televisa serves 90 per cent of Mexico's television audience, and takes a similar proportion of advertising. The new network will give the company a total of 291 television stations, about 51 per cent of the total in the coun-

controversy since the beginning of the year. Rivals com-plained that while the government was selling off two state-owned television national networks in an open anction, Televisa was being given another national network without any competi-

The concession was granted to Itadiotelevisore de Mexico Norte, a subsidiary of Telev-isa, after it promised to pay Mexican government

The two state-owned television networks were sold for \$646m last July, to an investor group headed by Mr Ricardo Salinas of Grupo Elektra.

Critics say Televisa is being rewarded for its close co-operation with Mexico's rul-Televisa was not available to comment on the transac-

The company is planning a secondary stock offering of about \$900m later this month, which will give it a full listing on the New York Stock **Exchange**

The stations will enable Televisa to turn Channel 9, a local channel, into a network with of covering much of

The company has three other networks, with varying degrees of national penetra-Televisa has 90 per

cent of Mexico's television audience, and takes a similar proportion of advertis-

Alcatel still keen to gain a nuclear edge

Pierre Suard, the French group's chairman, talks to John Ridding and David Buchan

The rapid rise of Alcatel— it to reduce its share Alsthom to its position as one of France's most profitable companies has been based on its ability to forge industrial alliances and acquisitions.

The merger of the telecommunications activities of Com-pagnia Générale d'Electricité and ITT of the US gave birth to Alcatel in 1987. Since then, milestones in the group's expansion have included a joint venture with GEC of the UK in transport and energy and the acquisition in 1990 of the telecommunications equipment operations of Fiat of

Now. Mr Pierre Suard, chairman of the group, has his eyes fixed on Pramatome - the state-controlled French nuclear reactor group with interests in electrical components and computer services and annual sales of more than FFr12bn (\$2.04bn).

He believes the centre-right government of Mr Edouard Balladur is preparing to give the green light to Alcatel-Als-thom's long-held ambitions to raise its 44 per cent stake in Framatome to a majority hold-

This is not the first approach from Alcatel-Aisthom. In 1990, the group briefly managed to raise its stake to 52 per cent, from 40 per cent, before the Socialist government of Mr Michel Rocard forced

For Mr Suard the logic is as

INTERNATIONAL COMPANIES AND FINANCE

clear now as it was then. "We are present in all areas of power generation except nuclear," he says.

To illustrate the possible advantages of a merger he points to the case of Daya Bay in China where GEC-Alsthom is building a conventional power station and Framatome is developing a nuclear facility. According to Mr Suard, nego tiations would have been simpler had the deal been struck a single group. Framatome's electrical components and computer services

with Alcatel-Alsthom. If Mr Suard's wish is Alcatel-Alsthom should see its competitive edge further honed. It is already sharp. Confronted by the worst economic downturn in Europe since the second world war. the group has resisted well.

operations would also fit well

et profits, says Mr Suard, are likely to be about the same this year as the FFr7.1bn recorded in 1992. In the three preceding years, profits increased by about FFribn annually. This resistance is partly the

result of the timing of the continent's economic cycles. "In 1991 and 1992 the Spanish market was very bad but the Ger-



Pierre Suard: again has bis eyes fixed on Framatome

Mr Suard. The group's principal divisions - telecommunications, transport and energy, and electrical engineering have also proved relatively

But the outlook remains difficult. Mr Suard is not yet convinced by government claims that the French economy has stabilised and will start to recover from the end of the

"I don't see any signs of recovery which confirm the encouraging indicators of June and July, such as a pick-up in investment activity According to Mr Suard, the

German market remains depressed, while government

"paralysed" by the wave of scandals and corruption inves-

The response from Alcatel-Alsthom has included a strong push in productivity. "We have always been careful to restructure as soon as it is necessary, says Mr Suard,

But this is not easy, particularly when the group is profitable, GEC-Alsthom, for example, has recently faced a series of demonstrations as French workers protest against planned job cuts.

In the face of depressed European markets and what Mr Suard perceives as damaging rigidities in the continent's labour markets, Alcatel-Alsthom has stepped up its efforts in non-European markets, in particular in east Asia.

In addition to the Daya Bay power stations, GEC-Alsthom has won orders for a \$2.4bn South Korean high speed train project and contracts across the region for engineering pro-

East Asia accounts for about 10 per cent of sales - a propor-tion which could be doubled vithin 10 years, according to Mr Suard.

If overseas markets have helped maintain profits, they also raise the stakes for Alcatel-Alsthom in the transatlantic wrangling over the Uru-guay round of international

Few companies are as Euro-

pean as Alcatel-Alsthom, which derives three quarters of its sales from the continent. It has its financial base in the Netherlands, its management base in Parls, and its biggest telecommunications market in Germany. Any threat to freetrade between Europe, the US and east Asia could, therefore,

have damaging implications. Mr Suard, however, is sanguine. "We tend to manufacture where we sell," he argues. discounting the impact of a failure of the trade talks.

n the US, for example, the group has about 12 per cent of the market for cables. Over the border in Mexico, however, the Nafta accord is likely to mean higher tariffs for switching equipment imported from Belgium.
The Alcatel chairman says

he is in favour of a successful conclusion of the Uruguay round, providing it is on acceptable terms.

This response reflects anxieties about the terms of the current debate. Chief among them are the lack of reciprocity in public procurement contracts - an important source of orders for Alcatel-Alsthom and restrictions on foreign ownership of telecommunications companies in North America.

For a precocious company like Alcatel-Alsthom, such constraints are hard to bear.

CIBC stages strong earnings rebound

Canadian Imperial Bank of Commerce staged a strong earnings rebound in fiscal 1993, thanks to a sharp drop in loanloss provisions, and record retail and investment banking earnings.

But the bank, which was one of the biggest lenders to failed property developer Olympia & York, indicated it continued to have problems in its real-estate portfolio. Earnings of Canada's second-

biggest financial institution totalled C\$730m (US\$547m), or C\$2.99 a share, in the year to October 31, against C\$12m, equal to a loss of 59 cents per common share, a year earlier.

Last year's losses were largely the real-estate market are due to the bank's exposure to reflected in the transfer of

Return on equity for 1993 was 10.6 per cent, and return on assets 0.53 per cent, compared with 0.01 per

Assets stood at C\$141.3bn on October 31, up from C\$132.2bn year earlier. Loan-loss provisions dipped to C\$920m from C\$1.84bn. Non-

performing loans stood at C82.43bn on October 31, or 2.3 per cent of total loans, from C\$3.04bn, or 3 per cent, a year Fourth-quarter earnings

jumped to C\$191m, or 75 cents a share, from C\$45m, or nine cents a share. The continued difficulties in

C\$100m in excess loan-loss reserves from country-risk pro-

visions to a special provision set up last year for troubled property loans. The real-estate provision now stands at Mr Al Flood, chairman, said:

"While there is evidence that real estate values in North America have stabilised, we do not expect an early turnround. CIBC added that it expected

only a "modest reduction" in overall loan losses in the coming year, reflecting the relatively slow economic recovery in North America, especially

Chrysler lifts quarterly dividend by one third

Chrysler, the US car maker. boosted its quarterly dividend by a third in recognition of its return to profitability this year and recent upgrades from credit rating agencies.
The company's dividend, payable on January 15, is being

raised to 20 cents a share from 15 cents a share. This is the first increase since Chrysler slashed the quarterly payment from 30 cents to 15 cents in the second quarter of 1991.

Mr Robert Eaton, chairman, warned, though, that the company remained intent on further reducing its pension fund deficit and building cash reserves, suggesting a cautious approach to future dividend "We are pleased with our

recent operating results and credit upgrades and wanted to share this success with our shareholders," said Mr Eaton. Stronger cashflow enabled Chrysler to make contributions of \$2.6bn to its pension fund in the first nine months, helping

reported at the end of 1992. Lower US interest rates mean that the fund's liabilities will be revised upwards at the end of this year, though Chrysler said the scale of the deficit will be below last year's level.

to reduce the \$3.9bn deficit

Interest Rates effective from 2nd December, 1993

DEPOSIT ACCOUNTS		gross compounded souval rate
Three Month Reserve Account		
£50,000+	5.00%	5.09%
£25,000-£49,999	4.75%	4.84%
£10,000-£24,999	4.25%	4.32%
Reserve Account for Personal C	ustomers	•
£50,000+	3.75%	3.80%
£20,000-£49,999	3.25%	3.29%
£5,000-£19,999	2.75%	2.78%
Reserve Account for Businesses	Charities	Societies
nodlim 12-000,6012	3.00%	3.03%
£25,000-£99,999	2.75%	2.78%
£10,000-£24,999	2.00%	2.01%
7 Day Notice Deposit Account	1%	1%
TESSA	5.50%	5.61%
Charity TESSA	5.00%	5.09%

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Notice to Noteholders U.S. \$75,000,000

The Venezuela Collateralised DCB Corporation I

8%% Senior Secured Notes due 1994

(the "Senior Notes") (me "Senior Notes")
Notice is hereby given that, in accordance with Condition 7(b) of the Senior Notes, The Venezueic Collateralised DCB Corporation I (the "Issuer") will redeem U.S. \$4.67 principal amount of each U.S. \$1,000 Original Principal Amount, of which U.S. \$166.66 is outstanding, of each Senior Note, plus accorded interest of U.S. \$1.82, on the Senior Notes Call Date failing on December 22, 1993. This amount is 4.1667% (1/24th) of the Original Principal Amount of each Senior Note and aggregates U.S. \$3,125.000 for all the Senior Notes. Payment of such principal amount, together with such accrued interest, will be made, in the case of Bearer Senior Notes as on surrender of the relevant Talon (Talon No. 7) and otherwise as upon surrender of the relevent Talon (Talon No. 7) and otherwise as provided in the Conditions of the Senior Notes.

PRINCIPAL PAYING AGENT AND TRANSFER AGENT The Chane Menhattan Bank, N.A. Woolgate House, Coleman Street London EC2P 2HD PAYING AGENT AND TRANSFER AGENT

Chase Manhettan Bank Luxembourg, S.A. 5 Rue Plantis L-2336 Eupembourg REGISTRAR AND TRANSFER AGENT The Chase Manhattan Bank, N.A. 4 Chase Metrotech Center, Brooklyn

By: The Chase Manhattan Bank, N.A. Principal Paying Agent December 3, 1993





STET - Società Finanziario Telefonica p.a. red Office in Turin - Head Office in Rom Share Capital Lit. 4,600,000,000,000 fully paid

1993 SEMI - ANNUAL REPORT

The STET 1993 Semi - Annual Report is deposited with the Registered Office in Turin - Via Bertola, 28 (039 11 55951) and the Head Office in Rome - Corso d'Italia, 41 (039 6 85891) and copy of it will be sent to anybody requesting it with the above mentioned Offices.



U.S. \$120,000,000

US\$30,000,000 Floating Rate Notes due December 1935
(Fally and Unconditionally Guaranteed by
Hill Breat Indiatria, Magainder Service Man)
As Smith Smithly company experient ends the hour of the Ardenatus Separation of Security
Station is brighty green that the State of Internst for the period December 3, 1973, in last 3,
1974 has been fined at 5.542% and that the enterest populae on the informal human
Payment Data June 3, 1974, agreent Coupas No. 2 in respect of US\$10,000 received of the
Notes will be US\$3,223.30 and in rapper of US\$100,000 mained of the notes and the use of the US\$250,000 received of the Notes will be US\$3,253.30 and in respect of US\$250,000 received of the Notes will be US\$3,253.

CITIBANG

BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT

BAYERISCHE VEREINSBANK OVERSEAS FINANCE N.V.

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BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT

EURO MEDIUM TERM NOTE PROGRAM ■ U.S. \$ 5.000.000.000

Arrangers

Merrill Lynch International Limited

DM Arranger Bayerische Vereinsbank Aktiengesellschaft

(increased from U.S. \$ 1,500,000,000)

Baverische Vereinsbank Aktiengesellschaft

Bayerische Vereinshank Aktiengesellschaft CS First Boston

Goldman Sachs International Limited Lehman Brothers J.P. Morgan Securities Ltd.

Swiss Bank Corporation

FF Arranger

Merrill Lynch Capital Markets (France) S.A.

Bayerische Vereinsbank S.A. (BV France)

Daiwa Europe Limited Kidder, Peabody International Limited Merrill Lynch International Limited

Morgan Stanley international

UBS Limited

BAYERISCHE VEREINSBANK



Nacional Financiera, S.N.C. LISS100.000.000

Collared floating rate notes

due December 1998

The notes will bear interest at 6.25% per annum for the interest period 3 December 1993 to 3 June 1994. Interest payable on 3 June 1994 mill amount to US\$157.99 per US\$5,000 note and US\$3,159.72 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

£125,000,000 Floating Rate Notes due 1994

It accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending its March, 1994 has been faced at 5.5% per amaum. The finerest accruing for such three month period will be £137.12 per £10.000 Be.arer Note. and £1.371.23 per £100.000 Be.arer Note. on £6 March, 1994, against presentation of Coupon No. 20.

Lision Book of Switzerland London Brunch Agent Bank. 38th Nevember, 1983

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Mortgage Funding Corporation No.5 PLC (Incorporated in England and Wales with Imited liability under registered number 2079671)

Class A Multi-Class Mortgage Backed Floating Rate Notes due November, 2035 Class A-1 £110,000,000 Class A-3 £17,500,000 Class A-2 £ 80,000,000 Merzanine Notes £18,500,000

For the interest period 30th November, 1993 to 28th February, 1994 the Class A-1 Notes will bear interest at 5.8125% per annum. Interest payable on 26th February, 1994 will amount to £773.94 per £54,000.00 Note. The Class A-2 Notes will bear interest at 5.9875% per annum. Interest payable on 26th February, 1994 will amount to £1.476.37 per £100,000 Note. The Class A-3 Notes will bear interest. at 6.1375% per annum. Interest payable on 28th February, 1994 will amount to £1,513.36 per £100,000 Note. The Mexamine Notes will bear interest at 6.5375% per annum. Interest payable on 28th February, 1994 will amount to £1,611.99 per £100,000 Note.

Bankers Trust Company, London

Agent Bank

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Strong recovery at Navistar surprises Wall St speculators

By Laurie Morse in Chicago

Navistar International, the Chicago-based truck and diesel engine manufacturer, posted a turnround to income of \$22m or 28 cents a share for the fourth quarter. The extent of the improvement surprised Wall Street, which had pushed Navistar's stock down in anticipation of a weak earnings report.

The gain reverses a \$30m or \$1.46 per share loss in the fourth quarter of 1992, when the company took a charge of \$23m for a vehicle

Sales for the quarter were up 14 per cent to \$1.3bn, boosted by an 18 per cent gain in shipments of mid-range diesel engines and a 13 per cent increase in shipments of medium and heavy trucks in North America.

A year ago, Navistar recorded fourth quarter sales of \$1.1bn. For the year ended October

third quarter to alleviate **\$9.55** per share.

year, compared with a loss of \$145m from continuing operations in 1992. were up 21 per cent at \$4.69bn,

chairman, said the company anticipates moderate growth in the North American economy. He projected 1994 North American medium truck and school bus chassis demand to be up 11 per cent over 1993, at 136,000 units, while heavy truck and diesel engine sales were expec-30, Navistar reported a net loss

Shuwa sells stake in Tokyo retailer

Emiko Terazono in Tokyo

Shuwa, a Japanese stock and real estate speculator, is to sell its 26.7 per cent stake in leading department store Isetan, built during the Tokyo stock market boom of the late

The country's retail industry has been closely following developments surrounding Shuwa's stake in Isetan, after leading supermarket operators and department stores wanting to expand their businesses offered to buy the shares off the ailing stock specu-

Before its downfall. Shuwa invested heavily in leading retailers - much of which has been bought by Daiel, Japan's

largest supermarket chain. Mr Kazumasa Koshiba, president of Isetan, said Shuwa would sell the 58.8m shares to

Navistar's long-term pension and health-care obliga-In the fiscal year 1992, Navistar suffered a loss of \$212m, or Excluding the special charges, Navistar reported pre-

of \$501m or \$15.19 per share.

The loss includes a previously

announced \$513m contribution

to an employee benefits pro-gramme, established in the

tax income of \$72m for the Navistar's sales for the year

from \$3.87bn a year ago.
Mr James Cotting, Navistar's ted to be flat in 1994.

41 companies at Y1,300 per

share. The announcement. made after the market closed, may pull down Isetan's share price, which finished at Y1,780 on the Tokyo stock exchange yesterday. Mr Koshiba said the price

was decided on the advice of Nikko Securities, its leading underwriter, and was based on prices of other department store shares. Shuwa will receive Y76.4bn (\$70m) from

the equity sale.
Of the 41 companies which will take on Isetan stock, three are financial and 38 non-finan-Although Mitsubishi Bank.

Isetan's main creditor and sbareholder, will not buy any of the shares, eight companies belonging to the Mitsubishi keireisu, or corporate grouping. will be among the purchasing

Brazilian tax aims to squeeze out

By Patrick McCurry

A new tax on foreign investment in Brazil's lucrative local currency fixed-income market - announced as part of the government's plans to tackle inflation - is expected to squeeze out most short-term speculators who had been taking advantage of real annual interest rates of

up to 20 per cent. But a new tax on Eurobond issues by Brazilian companies announced at the same time probably will not reduce new issue volume significantly, according to bankers in Brazil. Banks, the biggest issuers, are expected to pass on the extra cost to the local borrowers. For private sector companies, it will remain much cheaper to go to the Euromarkets than to

local lenders.

The government's moves are aimed at stemming the huge tide of dollars entering the country, attracted by a high real interest rate policy which aims to combat inflation. The inflow is itself inflationary, since the central bank is obliged to issue local currency, the cruzeiro real, in exchange for foreign currency. This increases the money supply and helps to sustain Brazil's chronic inflation, now nearly 2,000 per cent a year.

"The measures are under standable and will help the government's macroeconomic plans," said Mr Vincent Parkin, Brazilian representative for CS First Boston.

Last Thursday, the government ruled that foreigners investing in fixed-income instruments will have to pay : financial operations tax at 5 per cent on the capital they bring into Brazil, which will have to be channelled mainly to a new type of fixed-income fund for overseas investors to be managed by the private sec-tor. Issuers of Eurobonds will have to pay 3 per cent tax on

the money they raise. Money market traders said that investors would have to leave their money in the new funds for at least five to six months to make paying the tax worthwhile.

No news is bad news at Saudi bank

Mark Nicholson, recently in Jeddah, discovers the good figures but not the bad at NCB

he first gesture of Mr Abdulhadi Shayif, dep-uty general managar of National Commercial Bank credit rating by Cyprus-based ratings agency Capital Intelli-gence. There was also last year's indictment in New York (NCB), as he greets visitors in his lofty office overlooking Jeddah is to hand over a slim 12page brochure containing the bank's results for 1991 and 1992. "It makes a nice change to be able to give people something," he says, with open delight

His delight is not surprising. The figures are the first that Saudi Arabia's biggest and oldest bank has published in three years, and the first passed unqualified by the bank's auditors since 1987. They cap, Mr Shayif says, the end of a trou-bled few years for a bank which was a foundation stone of the kingdom's banking system and is probably still its best connected financial institution - meaning closest to the ruling al-Saud family. "The abnormal period is over," he

58ys.
The figures show the bank returned a profit in 1992 of SR427m (\$114m), up 168 per cent on 1991. No results, however, have been released for 1990. Says Mr Shayif: "They were audited but are not avail-able for publication." Asked if they show a loss, he replies "no comment" NCB's missing 1990 results

are a clue to the damage done by six years of internal disputes over non-performing tors' qualification and last vear's suspension of the bank's

NEWS DIGEST

profits rise

NZ electricity

company posts

New Zealand's state-owned

Electricity Corporation yester-day announced a profit of NZ\$256m (US\$140m) for the six

months to September 30,

almost NZ\$100m more than in

the comparable period last year, writes Terry Hall in Wel-

The government is under

pressure from the business

community to privatise the

company, its most valuable remaining unsold state asset.

of Mr Khalid bin Mahfouz, then chief operating officer, on fraud charges connected with the BCCI scandal. Mr bin Mahfouz has since

No results have been released for 1990. "They were audited but are not published," says Mr Sayif. Asked if they show a loss, he replies 'no

resigned, and the BCCI affair is dismissed by Mr Shayif as "a separate and personal issue the damage is behind us and the confidence of international banks is back".

comment'.

Nevertheless, that affair, along with the non-appearance of results, contributed to NCB's closure of its New York. London and Cayman Islands branches - in the former cases under pressure from the US and British authorities which stripped \$2.5bn from tts total customer deposits.

These closures, says Mr Shayif, are the reason deposits have fallen to \$13bn from \$17bn between 1989 and 1992. The bank's balance sheet has

However, this week the new

finance minister Mr Bill Birch

repeated the prime minister's

pre-election promise that it

Mr Selwyn Cushing, who

recently took over as chairman, said that the economic

recovery was a significant

reason for the improved

Earnings in the comparable

period of last year were hurt

by a drought in the South Island, which led to enforced

production cuts in hydro-elec-

Revenue rose by NZ\$22m to

NZ\$899m, helped by a 6.2 per cent rise in volumes. Price rises were limited to 2 per cent,

which Mr Cushing said meant

that real prices for electricity

would not be sold.

tricity.

shrunk to \$17bn at the end of 1992 from \$23bn in 1989, while its market share of commercial banking assets in Saudi Arabia has slipped to 22 per cent from

The bank's notorious and mysterious bad debts are also a thing of the past, Mr Shayif says. "You could now classify our portfolio as normal, and the provisions are quite adequate," he says. However, the provisions shown in the 1992 figures merely hint at the debt problem bank analysts believe NCB has now put behind it. These totalled SR470m in 1991 and SR81m in 1992.

But according to analysts at Capital Intelligence, which last month reinstated NCB's credit rating, loan loss provisions taken by the bank since 1980 including CI's own estimate of provisions or write-offs made in 1990 - probably amount to nearer SR10bn, suggesting problem loans were between 25 and 30 per cent of its entire portfolio. Mr Shayif has no comment on the debts - which have been shrouded in speculation for years and attributed to what analysts wryly describe as "very senior Saudis".

n 1991, the accounts also show that the bank allo-cated the full balance of its other capital reserves, a total of SR910m, as provisions against the "decline in value of investments", which CI takes to mean cover for about 70 per cent of the bank's residual holding

had fallen 15 per cent since 1987. The company had a 12 per

cent return on shareholders'

ConAgra lifts stake

Australia's finance minister,

Mr John Dawkins said he would not object to a ConAgra

plan to increase its stake in

Australia Meat Holdings to 90.9

per cent from 50 per cent, Reu-

ConAgra is buying the shares from Elders Meat

Investments, a Foster's Brew-ing Group unit in a transaction

worth about A\$100m (US\$66m).

Foster's said it made a profit of

about A\$47m on the deal.

ter reports from Camberra.

in Australia Meat

funds.

of BCCI convertible bonds. But the longest awaited step in restoring the bank to a sounder footing was the deci-sion of the bin Mahfouz family to recapitalise NCB with an injection of SR6bn - a considerably greater capitalisation than anyone in the Saudi bank-

Costs are being cut, staff reduced by 10 per cent and a programme of modernisation is under way. If this has the desired result, at least this time it will be

ing industry had expected and one which makes the bank the biggest in the kingdom, not only by assets but also capital base. The move brings NCB's BIS formula risk/asset ratio to a comfortable 13.76 per cent, according to CL

publicly visible.

For the present, the recapi-talisation has not altered the shareholding structure of Saudi Arabia's only privatelyowned bank, which is 90.5 per cent in the hands of the bin Mabfouz family with most of the remainder held by mem-Mr Shayif says the injection

bers of the Kaki family. has taken the form of bridging finance, until the two share-holding families determine

Spain launches

options contract

Spain's MEFF fixed income

exchange said it would start trading an options contract

based on notional 10-year Trea-

sury bond from January 11

1994, with monthly maturities,

Reuter reports from Barce-

The contract will give inves-

tors and fund managers a new

instrument to cover interest

MEFF already trades an

options contract on 10-year

notional bond, but with quar-

In September volume rose to

EUROPEAN COAL AND STEEL COMMUNITY

US \$ 59,000,000 Graduated Rate Bends due 1995

mission of the European Communities informs herewith the boil

above mentioned issue that the annual redemption instalment due January 15, 1994 covering a nominal amount of US \$ 3,000,000 has been entirely satisfied by drawing by

The bonds are redescribble at par and cours to bear interest on January 15, 1994.

The bonds selected by let will be reimborsed after language 15, 1994 with course

NOTICE OF REDEMPTION TO THE ROLDERS OF

EUROPEAN COAL AND STEEL COMMUNITY

US \$ 50,000,000 Graduated Rate Bonds due 1999

NOTICE IS HEREBY GIVEN that in accordance with condition (b) of the Terms and Conditions of the Notes, the Commission of the European Communities will proceed to the early redemption of the total of the outstanding Notes at 101% of their principal amount on January 15, 1994.

WEST BAND CONSOLIDATED MINES LIMITED

Cautionary announcement

Further to the announcements of 21 October and

12 November 1993, shareholders are advised that

negotiations which could affect the share price are still in progress, and until a further announcement is made,

shareholders are advised to continue to exercise caution

interest on the Notes will coase to accrue on and after the Redemption Date.

5984 - 6196; 6200 - 6371; 6382 - 7120; 7125 - 7490; 7524 - 9033

1.78 contracts from 894,469 in

rate risk

terly maturities.

entioned on the books

will be US \$ 33,500,000.

Luxembourg, December 3, 1993

(Company Registration No. 01/01978/06)

in dealing in their shares.

Johannesburg 3 December 1993

prograted in the Republic of South Africa)

how and if the shareholding is to be altered. He adds that the move is also likely to defer for the foreseeable future any plans to float part or all the bank's shares on the Saudi stock market - an option which had been under consid-

eration last year. Mr Shayif denies that NCB's internal problems caused it to take its eye off its place in an increasingly sophisticated, profitable and competitive Saudi banking market, where consolidated profits in the sector rose by 29 per cent in 1992 and are about 25 per cent up for the first three quarters of

But while the bank claims a lead in the number and efficiency of its ATMs, an edge in the breadth of its local coverage and market leadership in unit fund management in the kingdom, NCB has undeniably lost market share to nimbler rivals - notably such joint-venture banks as Saudi British Bank, Saudi American Bank

: 1

and Saudi Hollandi Bank. But the bank hopes to address this with the appointment earlier this year of Mr Michael Callen, former head of Citibank's global finance operations, as special adviser on a management restructuring. Costs are being cut, staff reduced by 10 per cent to 6,900 by the year end and a programme of rationalisation and modernisation is under way. If all of this has the desired results, at least this time they will be publicly visible.

Record Chicago futures volume

By Laurie Morse

The Chicago Board of Trade, ξ' , the world's busiest futures exchange, posted an all-time single-month volume record in November, with a turnover of 19.7m contracts, up 64.7 per

cent on a year ago. For the first 11 months of this year the board reported volume up 18 per cent at 165.8m contracts, above its previous world record of 154mfor all of 1990. The Chicago Mercantile Exchange is also reported record year-to-date figures, with 13.6m contracts in November, up 22 per cent.

These securities were placed under Regulation S and Rule 144A under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. These securities having been

THE BANK OF NEW YORK

previously sold, this announcement appears as a matter of record only.

is oleased to announce the establishment of a

SPONSORED 144A AMERICAN DEPOSITARY RECEIPT (ADR) FACILITY

and a

SPONSORED GLOBAL DEPOSITARY RECEIPT (GDR) FACILITY





For further information regarding The Bank of New York's Depositary Receipt Services, please contact Kenneth A. Lopian in New York (212) 815-2084. Michael Me Auliffe in London (071) 322-5336, or Neslihan Tombul in Türkey (90-1) 275-7615.

NOTICE OF PROPOSED RECORD DATE

To the Holders of

Eastman Kodak Company's Liquid Yield Option Notes Dre 2011 CUSIP: 277461 BA 6

CISSP: 277461 BA 6

NOTICE IS HERRHY GIVEN, pursuant to the provisions of the Indenture, dated as of Oriober 1, 1991, the Indenture", under which the Lupid hald Option Notes were issued, that Eastman Kealak Company is Notes were issued, that Eastman Kealak Company is Notes to peut that the Board of Directors of Kodak will declare once about Docember 10, 1903, a distribution to the Thirthamon's to hadders of common stock of Kodak of all constanting shares of common stock, par value 50% for share (the "Eastman Common Stock"), or Lastman Chemical Company ("Eastman") keedak was insue a provided some times with the Architector of Kodak of Prectors declares the Distribution. It are spected that in the Instribution, shares of Eastman Common stock would be distributed whites of keedak generium stock of record and the down of his amount of Doc miles 20, 1993 the "Record Date"). The Distribution is a specified to contribution representing the Eastman Commonstrook would be mailed to distribution representing the Eastman Commonstrook would be mailed to distribution representing the Eastman Commonstrook would be mailed to distribution representing the Common stock on the Record Date. It is a minipally that the Eastman Commonstrook to every four shares of common stock of Rediak held on the known Time. No consideration will be paid by keelast's that course in the lack of Eastman Common stock. It is ambiguished that the Doctman in would recourse an adjustment in the Concernon Safe; unusual to the grow more of the Indenture.

Factorian Kodak Commons.**

Eastman Kodak Company

Dated December 3, 1993

RAND MINES LIMITED ** NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER PAYMENT OF COUPON NO. 112

Date of payment On or after 10 December 1993 3 Amount 130 cents per share (South African currency)

4. South African Non-Resident Shareholders Tax (SANRST): 19% or 19 50 cents per share 5 UK income tax (where applicable): 5% or 6.50 cents per share

6 UK currency equivalents (on 25 November 1993): 26.74410p per share SANRST. 3.86162p per share UK Tax: Net:

? Pavable at: Bardays Bank PLC London Counter Services 168 Feachurch Street London EC3P 3HP

Barclays Bank PLC Guichet Titres 21 rue Laffine 75428 Paris FRANCE

i) Coupons paid by Barclays Bank PLC in Paris will be payable in South African currency to an authorised dealer in exchange, in the Republic of South Africa norumated by the continental paying agent. Instructions regarding disposal of the payment proceeds can only be given to such authorised dealer by the paying agent concerned. a) Coupons paid by Barclays Bank PLC in the United Kingdom will,

unless payment in South African currency is requested, be in the sterling equivalent shown in 6 above in respect of coupons lodged up to 3 December 1993 and thereafter at the rate of exchange on the day the proceeds are remitted. Although Rand Mines Limited shares of RI each were sub-divided

into chares of 25 cents each with effect from Monday 29th November 1993 payment of coupon No. 112 relates to a dividend which was declared before the shares of R1 each were sub-divided.

United Kingdom Secretaries VIADUCT CORPORATE SERVICES LIMITED

Landon ECIN 6OP 2 December 1893 Holders of share warrants to bearer are reminded that they can reconvert their bearer warrants into registered shares at any time Reconversion forms are available from the abovementioned paying

Companied in the Republic of Scott Africa Chequitain to 01/00/96/06

RAND MINES

CREDIT LOCAL DE FRANCE FRF 500.000.000 REVERSE FLOATER BONDS DUE 1999 For the period December 1st, 1993 to June 1st, 1994 the new rate has been fixed at 11,2395833% P.A. Next payment date: June 1st, 1994 Coupon nr: 2 Amount: FRF 561,98 for the denomination of for the denominati FRF 5.819.79 for the denomination of FRF 100 000

THE PRINCIPAL PAYING
AGENT SOGENAL
SOCIETE GENERALE GROUP
15, Avenue Emile Reuter
LUXEMBOURG

NOTICE TO ALL HOLDERS OF SENIOR DEBENTURES OF TRIZEC CORPORATION LTD.

Montreal Trust Company of Canada, as Trustee of Senior Debentures issued by Trizec Corporation Ltd. hereby gives notice of an information meeting for all Debentureholders which will be held in Zurich, Switzerland on:

> Tuesday, December 7, 1993 at 1:30 p.m. at Hotel Nova Park Zurich, Switzerland

The meeting will be restricted to Debentureholders only.

MONTREAL TRUST COMPANY OF CANADA,

Daily Gold Fax - free sample from Chart Analysis Ltd 7 Swallow Street, London W1R 7HD, UK -commodity specialists for over 22 years

NOTICE OF PROPOSED RECORD DATE

To the Holders of Eastman Kodak Company's 5 3/8% Convertible Subordinated Deben Dec 2001 CUSIP 277479 98 9

NOTICE Is HEREBY GIVEN, pursuant to the provisions of the Fiscal Agency Agreement, dated as of July 1, 1986 (the "Agreement"), under which the 35.8% (Convertible subordinated Debentures were issued, that Eastman Ardals Compans ("Nodak") respects that the Board of Directors of Nodak will technic, unor about December 10, 1991, a distribution (the "Distribution") to bolders of common stock of Rodak of all outstanding shares of common stock, par value 501 per share (the "Fastman Common Stock"), of Eastman Chemical Company ("Eastman"). Rodak will issue a press release in the event that Rodak's Board of Directors declares the Distribution. It is a reverted that in the Distribution, shares of Eastman Common Stock would be distributed to holders of Rodak common stock of record as of the close of business on December 20, 1991 (the "Record Date"). The Distribution is expected to occur at 12:00 mulnight on December 31, 1993, and on or about that date, certificates representing the Eastman Common Stock would be mained to shareowners of record of Rodak common stock on the Record Date.

mailed to shareowners of record of Kodak common stock on the Record Dat It is anticipated that each kodak shareowner would receive one share a Eastman Common Stock for every four shares of common stock of koda Essentian Common Stock for every four shares of common stock of kodak held on the Record Date. No consideration will be paid by Rodak's charcon ters for shares of Essiman Common Stock. It is anticapated that the Distribution would require an adjustment in the Conversion Rate pursuant to the provisions of the Agreement

Eastroan Kodak Company

EUROPEAN COAL AND
STEEL COMMUNITY
GBP 52.700.000
FLOATING RATE
NOTES DUE 1957
For the period
November 30, 1993 to
May 31, 1994 the new rate
has been fixed
at 4,825% P.A.
Next payment date: Next payment date : May 31, 1994 Coupon nr : 4 Amount : GBP 24.06 for the denomination of GBP 1 000 GBP 240,59 for the denomination of GBP 10 000 THE PRINCIPAL PAYING AGENT SOGENAL SOCIETE GENERALE GROUP 15, Avenue Emile Reuter LUXEMBOURG

ARTIFICIAL INTELLIGENCE FUTURES TRADING "INTELLIGENT TECHNICAL SYSTEMS"

INTERNATIONAL CAPITAL MARKETS

Bundesbank rate cut prompts sell-off at long end

By Conner Middelmann in London and Frank McGurty

The Bundesbank's latest rate cut fuelled easing hopes among Germany's European neighbours, prompting investors to shift funds into shorter maturities and causing yield curves

While the Bundesbank left its discount and Lombard rates unchanged, it cut its rate for securities repurchase agreements by % point and set 6 per cent fixed-rate repos for the

next five weeks. The German yield curve steepened after the Bundesbank's announcement, with 10year yields rising by two basis points and the rate for three-

With the repo rate fixed for the next five weeks, a widespread feeling that there will be no more key rate cuts until January caused the sell-off at the long end, said Torsten Böhler, bond analyst with

The longer-dated sector was also damped by the announcement of new ultra-long supply after the Bundesbank cancelled the 10-year bund issue scheduled for December and announced the auction of a new tranche of 6 per cent bonds due 2016.

The December bund future fell 0.22 point to 99.68, while the three-month Euromark future climbed 0.06 point to 93.92.

The Bundesbank's rate cut month Eurodeposits falling fuelled speculation that France may soon deliver its long-

awaited rate cut, with some during last summer's currency of the second round of municirate cut as soon as today, or a replenish its foreign currency of the second round of municirate cut as soon as today, or a replenish its foreign currency of the second round of municirate cut. with some during last summer's currency of the second round of municirate cut. With some traders betting on a 1/2-point crisis, and needs to fully pal elections on Sunday. The
was ½ lower at 100½, to yield
4.20 per cent.

GOVERNMENT BONDS

cut in the 6.45 per cent intervention rate at Monday's Bank of France repo.

But others said the French authorities may prefer to wait until Germany lowers its official rates before following suit. According to Mr Michael O'Hanlon, chief international economist with Kidder, Peabody Securities, the French authorities do not want to risk pressuring the franc by a unilateral cut in official rates.

Moreover, he said France still has to repay some of the intervention funds it borrowed

reserves before being in a comfortable position to cut rates. The December notional bond

future on Matif ended 0.10 point lower at 124.10 while the three-month Pibor future rose 0.08 point to 93.60. UK gilt traders also reported heavy demand for short-dated debt as investors took profits at the long end, which had

soared in the wake of Tuesday's budget announcement. "We saw maturity shortening as well as outright buying at the short end," said a gilt salesman at a large US house. The March long gilt futures

contract slipped by to 116%. ■ Italian bonds weakened further on political worries ahead

fell 0.42 point to 111.43.

However, some said this represents a buying opportunity for medium-term investors. "Italian bonds are getting to very attractive levels," said Marc Hendricks, head of international bond research at Swiss Bank Corporation.

■ US Treasury bond prices softened yesterday morning as the market digested a batch of second-tier economic statistics and awaited the government's report on November employment due out today.

By midday the benchmark 30-year government bond was down 3 at 995, with the yield edging higher to 6.284 per cent. for September, were even more At the short end of the matu-

In early trading, the market again appeared relieved that the day's generally upbeat readings on the economy were largely in line with expecta-

The Commerce Department said personal income in October had risen 0.6 per cent, on a seasonally adjusted basis, and personal consumption climbed 0.8 per cent from the previous month. The Labor Department said initial claims for state unemployment benefit last weak showed a modest decline.

The government's figures on new homes sales, which fea-tured a 6.5 per cent dip in October and a downward revision

its borrowing to longer-term instruments because of lower interest rates, Mr Heinrich Hornef, a member of the board said vesterday. The Treuhand, which was set up in 1990, to privatise and restructure eastern German industry, will have a deficit of DM216bn by the end

of 1994, and will have a

Germany's Treuhand

privatisation agency will shift

By Judy Dempsey in Buffin

Treuhand is to

shift borrowing

total accumulated debt of At the same time, the net borrowing requirement for the Treuhand will total DM44bn for 1994, of which DM38bn will be earmarked for running costs. The remaining DM6bn will be used to service the interest from the Krediabwicklungsfond, the governmentbacked fund set up to cover the

The DM44bn will be raised through bonds and mediumterm notes. But Treuhand officials said the agency would focus on longer-term fin-ancing because of the gradual fall in Germany's interest

debt of the former east Ger-

By the end of 1993, the agency will have borrowed a total of DM133bn through bonds and Treuhand obligations, or medium-term issues. The agency has a net bor-

rowing requirement of DM44bn in 1994, and on top of this it has DM39bn of old debt, which is due to be paid back, and will be restructured. The agency is due to be dis-solved late next year, after it

had privatised more than 12,000 of enterprises placed under its control. By October, the agency had

5.86

Dec 2 Dec 1 Yr. ago

2.15 3.04

7.82 7.46 9.02 7.79 7.77

GILT EDGED ACTIVITY INDICES

Dec 1

M.O1

Up to 5 yrs Over 5 yrs

to longer term 1,392 enterprises on its books. It had obtained DM181.6bn of investment commitments, earned DM44.3bn in sales, and secured 1.48m job guaran-

However, these investment and employment commitments are not indefinite. Many are spread out over a maximum of five years. To monitor the implementation of these contracts, the Treuhand has set up a special contracts department which will not be wound up until the contracts

expire. However, the agency will be still be saddled with about 500 enterprises. Some have already been placed in Management KGs - enterprises which the Treuhand will pass on to west German managers for restruct-uring and preparation for privatisation. The agency has

for this purpose. Apart from the Management KGs, the Treuhand will be left with some of the most difficult enterprises to restructure and privatise. These include Deutsche Waggonbau, the rail carriage manufacturers. Sket. the large machine tool complex, and the chemical sectors of

Leuna and Buna. Beyond that, the agency will invest DM4.3bn in eastern Germany's chemical sector, which has yet to be privatised. It will aiso earmark a further DM5.4bn for environmental clean up and land reclamation of chemical and brown coal mines which have been

Mr Hornef said he expected the agency to earn about DM11bn from privatisation sales next year, which include selling off Veag, eastern Germany's largest utility com-

6.21

Dec 2 Dec 1 Yr. ago

1.31 2.86

Nov 30 Nov 29 Nov 26 Nov 25

10.01 7.91 7.90 10.17

--- Low coupon yield --- -- Medium coupon yield --- -- High coupon yield ---Dec 2 Dec 1 Yr. ago Dec 2 Dec 1 Yr. ago Dec 2 Dec 1 Yr. ago

Dec 2 Dec 1 Yr. ago Dec 2 Dec 1 Yr. ago Dec 2 Dec 1 Yr. ago

7.28 6.08 5.13 7.82

Merck raises \$250m to finance Medco purchase

By Antonia Sharpe

Merck, the large US pharmaceuticals group, yesterday made its first appearance in the Eurobond market in order to help finance its \$6bn acquisition of Medco Containment, a drugs mail order com-

The triple-A rated borrower raised \$250m through an issue of five-year Eurobonds which were priced to yield 15 basis points over US Treasuries, in line with market expectations.

The scarcity of top-quality corporate issuance in the Eurobond market contributed to the success of Merck's debut offering. "Although the market is not in fantastic shape, the transaction has gone very well," said lead manager Morgon Stanley.

Syndicate managers at other banks described the issue as a "blowout". Investor demand for the bonds was such that when the bonds were freed to trade the spread tightened to

WORLD BOND PRICES

13 basis points. Morgan Stanley said that more than half of the bonds were sold to investors in the UK and Switzerland, with the remainder being placed elsewhere in

Mr John Kearney, Merck's

INTERNATIONAL BONDS

assistant treasurer, said that the proceeds of the issue would be used to re-finance some of the short-term funding linked to the Medco purchase. A good portion of the \$2.4bn cash part of the acquisition had been raised in the commercial paper

market, he said. According to Morgan Stanley, Merck saved around 10 basis points by tapping the Eurobond market rather than the US domestic bond market. Mr Kearney added that Merck could well return to the Eurobond market early next

The Bank of Greece also tapped the Eurodollar sector with a widely-expected \$500m issue of five-year floating-rate notes (FRNs). The notes were priced to yield 115 basis points over Libor, in line with market

expectations.

Joint lead manager Salomon Brothers said that sales of the bonds had got off to a good start, with demand coming from eastern Asia and from yield-hungry investors in Europe. However, the notes were likely to remain in syndicate for the next couple of

The Inter-American Development Bank (IADB) raised F1300m through an issue of seven-year Eurobonds, which more or less completed its \$3.8bn international borrowing programme for this

Mr Stephen Abrahams, chief of the IADB's capital markets division, said the yield spread on the bonds of 13 basis points over Dutch government bonds

Sorrower	Amount m.	Сонроп %	Price	Meturity	Feen %	Spread bp	Book runner
AS DOLLANS Sank of Greecat	600	(40)	98.24R	Dec.1996	0.35R		CSFB/ Salamon Brothers
Variosi Electric Railwayo	500 300	1,626	100.00	Dec.1997	2.25	-	Dalwa Europe
Verck & Co.	250	5.25	99.58R	Dec.1998	0.25R	±15 (51494-98)	Morgen Stanley Intl.
Sumitomo Construction Co.**	100	(b)	100.00A	Dec. 1998	0.30R		Sumitomo Finance Inti.
3CN Leasing	70	9.250	99.949FI		1,008	+475443436-961	Chase Investment Bank
Grupo Simec	80	8.8758	99.544R	Dec.1998	1.00R		Lazard Frères
Juldis Developicis	50	(4%-4%)	100.00	Dec.2003	2.50		CS First Boston
Hon Kwok Land Treasury(ch	60	(4 14- 514)	100.00	Dec.2000	2.50	-	Nomura international()-IX)
D-MARKS State of Sechsen-Anhalt(e)	200	(0)	99.00R	Jan.2014	0.525A	-	Merrill Lynch Benk
YEN tochu international(f)	7bn	2.84	100,30R	Apr.1998	0.80R	-	Scieura Finance Intl.
FRENCH FRANCS European Investment Senkigi	ibn	5.125	99.70R	Oct.2004	0.389	+8 (874%-04)	oor
GUILDERS Inter-American Dev. Bank	800	6.825	99.60R	Dec.2000	0.20R	+13 (1)	ABN Amre Benk
SWISS FRANCS Commerciank O'saus Anancet	150		100.40	Jan. 1999	-	•.	Swise Senk Corp.

Indicated at 8-12%. Catable from 12/2/97, subject to 140% rule, at par. d) Conversion premium indicated at 20-24%. Catable from 16/ 12/96, subject to 150% rule, at par. e) Long 1st coupon. 6% coupon for 1st 10 years and 7% thereafter. Puttable on any coupon payment data from Jan.2004 at par. f) Short 1st coupon. g) Fungible with the outstanding FF12th faunched on 8/10/93, Plus 66 days secrued interest, in) Spread is over interpolated yield curve. i) Coupon: 6-month Libor - 0.1875%. was in line with spreads on outstanding bonds issued by other triple A-rated borrowissue would be kept in guilers. The proceeds of the

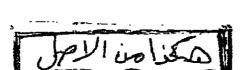
borrow a similar amount in 1994 but that a larger portion could be raised in dol-lars. ders. Mr Abrahams said that the IADB was likely to

BENCHW	MARK	GOVE	RNMI	ENT BO	MDS			_	Haly								FT-ACTUARIES	FIXED	INTERES	ST IND	CES		
		Coupon	Pleci Date	Price	Day's change	Yield	Weak ago	Month ago			100ths of		y Purura				Price Indices UK Gitts	Thu Dec 2	Day's change %	Wed Dec 1	Assirted interest	xd edi. ytd	
Australia Belgium Ganadia " Denmark Franco	BTAN	7.500 8.000 8.000 8.500	10/02 03/03 12/03 05/03 05/98	120,7200 114,5200 105,2000 111,2200 109,2100	+0.500	8.84 6.83 6.77 6.38 5.34	8.80 6.88 6.05 6.44 6.08	6.67 6.99 6.90 E.41 6.10	Dec Mar Jun	Open 111.40 112.20 112.20	Sett price 110.85 111.35 111.50	-0.35 -0.80 -0.46	High 111.57 112.35 112.20	Low 110.83 111.05 112.20	8840 34547 1	Open int. 28155 79971 1	1 Up to 5 years (25) 2 5-15 years (21) 3 Over 15 years (6) 4 Irredemotics (6) 5 All stocks (61)	130,28 160,35 185,80 217,87 155,75	+0.17 -0.22 -0.30 +0.01	190.05 160.35 160.32 218.63 180.73	2.41 2.63 3.41 1.07 2.70	10.03 11.56 10.04 13.71 10.93	16 yr 20 yr
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	No 119 No 157	0.000 4.800 4.500 6.500 10.500 9.700 8.000	10/03 06/99 06/03 04/03 10/03 01/98 06/03	97,1700 110,6330 108,6280 104,6200 112,6500 113–27 110–11	+0.140 +0.160 +0.230 -0.230 -0.130 +7/32 -6/32	9.45† 2.57 3.31 5.84 8.55 5.87 6.62	9.21 2.93 3.57 8.54 8.59 6.10 6.69	9.37 9.90 3.67 5.80 8.58 6.19 6.81	Strice Price 11100 11150 11200 Est. vol. tot	į	Mor 2.46 L.19 1.96 9 Puts 1337. I	Jun 0.40 0.15 2.92		Mor 2.11 2.34 2.61		Jun 2.90 3.15 3.42	6 Up to 5 years (2) 7 Over 5 years (11) 8 All stocks (13) Debantures and Loans	191,00 189,50 186,78	+0.01 -0.13 -0.12	190.99 189.75 188.98	0.83 1.26 1.21	4.26 4.29 4.27	Qve
US Treasury ECU (French		9 000 5.750 6.250 0.000	10/08 08/03 08/23 04/03	120-15 99-19 99-17 111.3700	-18/32 -6/32 -8/32 +0.300	5.80 6.28 8.35	7.02 5.79 U.JO 6.34	7.76 5.63 5.12 6.36	Spain								9 Debs & Loens (65) Average grass rademption y	148.01 Side ere etro	-0,11 en abowi. Coup	148.16 xon Sander U	1.83 our 014-744	10,75 Medium: 8	96-1 <i>0</i> 44
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MEPC shares hit by fall in net asset value

MEPC, the UK's second largest property company which cometed a £222m rights issue earlier this year, yesterday announced a fall of almost 15 per cent in pre-tax profits from £95.2m to £81m for the year to end-Sentember.

The latest figure was struck after exceptional items of £13.2m, including a £10m provision on interest rate hedging, compared with £14.2m last

Earnings fell from 18.9p to 15.5p. Nevertheless, the group proposed a final dividend of 14.75p, giving an unchanged total for the year of 20p.

Net asset value per share fell from 445p to 416p.
The shares closed 27p lower

at 523p. Lord Blakenham, chairman. said the net asset values did not reflect the scale of the upturn in the market since they were prepared in August. "We believe we have seen the turning point in the UK property market," he said, citing

much increased investor inter- controlled by UK pension

The company was in a far stronger position than a year ago, he said. After property sales of £225m, a £150m preferred share issue and the rights issue, gearing had fallen from 82 per cent to 48 per cent. The group had cash of £211m

After an external valuation, the group's overall valuation write-down was 1.1 per cent. while the investment properties rose in value by 3.1 per cent. The group said "substan-tial write-downs" had been incurred at Alban Gate in the City and at a Tunbridge Wells shopping centre,

Mr James Tuckey, chief executive, said the group was very pleased with the progress made on void properties, which were down to less than 5 per cent compared with 8 per cent a year ago and 18 per cent two vears ago.

Last month the group announced the proposed acqui-sition for £115m of American

funds that owns two shopping malls in Los Angeles and Atlanta. Completion of the deal will lift the proportion of retail property in the MEPC portfolio from 27.5 per cent to 32.3 per cent, and reduce offices from 61.4 per cent to 57.3 per cent.

O COMMENT

The City was taken aback by the sharp fall in net asset values, which ended well below the bottom of the expected 435p to 485p range. No figure was given for the write-down on Alban Gate and Tunbridge Wells, but it appears to be on the way to £100m. While it is worth noting that the valuations were made last August, and the property market has shown signs of recovery since, this is still an embarrassing figure. The dividend, which remains uncovered, is the prop for the stock. Even if the recovery leads to a rise in net asset values to over 500p next time, the shares are still at a premium - and there is no pros



Francis Mackay (left) with Albert Roux: catering from schoolrooms to boardrooms

Compass moves onto a new heading

Compass, the catering group that already has links with Pizza Hut and Burger King, yesterday added the name of Roux to the menu, writes David Blackwell

The group has paid about £900,000 for the 11 catering contracts managed by the Roux brothers. It will launch a special executive service to be known as Roux Fine Dining. Mr Albert Roux described it as "a perfect marriage." The Roux business would benefit

By Michael Skapinker, Leisure

Forte has taken its Barvester

restaurant chain off the mar-

ket after failing to find a

buyer prepared to pay the

price it was asking.
Forte was hoping for a price

of more than £120m for the 78

Harvester restaurants. It is believed that the highest price

offered was £110m. Among the

potential buyers believed to

have expressed an interest in

the chain were Whithread and

Forte said it would now

invest in the chain. Sales are

currently believed to be

Pepsico for £40m cash.

Allied-Lyons.

Industries Correspondent

from the experience, wide customer base and financial expertise of Compass. Both Albert and Michel Roux will be involved in the business. Mr Francis Mackay, Compass chief executive, said the link would complete the figsaw of businesses that would enable his group to cater

from schools to boardroom level Last May Compass reported interim pre-tax profits up from £17m to £18.2m on sales ahead

by 19 per cent at £209.4m.

Brent Walker approaches vital Hill deadline amid acrimony

Brent Walker is rapidly approaching a vital deadline in its efforts to sell or refinance William Hill, its betting shop business. A decision is required on Monday.

Discussions are understood to have become fraught, with accusations flying and banks complaining of strong-arm tac-

Advisers believe that if the flotation course is to be pursued, a decision must be made early next week. This is so that a marketing campaign can begin in time to manage a successful float by the March 1 deadline for the repayment of William Hill's debt.

Lenders to William Hill are only concerned with getting their loans repaid on time. This can be achieved either through a flotation, a sale to a group of venture capitalists

by the Brent Walker banks taking on the William Hill debt. Standard Chartered and Lloyds Bank, lead banks to

Brent Walker, appear determined to adopt the latter course, refinancing Hill's £330m of secured and £40m of unsecured debt, which is ringfenced from Brent Walker. They prefer that route since they believe that William Hill's true value could be higher

than the expected £500m flotation proceeds. Furthermore, the Brent Walker refinancing completed last year was predicated on the retention of two cash generating businesses -the pubs chain and William Hill. Without William Hill, the prospects for Brent Walker's banks being repaid eventually would seem dimmer.

Standard Chartered and Lloyds could block a flotation, since the consent of the Brent

sale of William Hill.

But refinancing attempts have so far failed, with dead lines being missed and extended Standard Chartered and Lloyds are said to have found takers for only £270m of the William Hill debt. Even large lenders to Brent Walker, such as Credit Suisse, are understood to be unwilling to participate in the refinancing.

That leaves the venture capital offer, which exceeds £450m. This could provide a way out for Brent Walker, as the offer could repay the William Hill debt and allow the company to retain an equity stake in the betting business.

However, bankers fear that il the flotation option fades and the refinancing fails, the value of the venture capital offer could recode, leaving little for Brent Walker after repaying the William Hill banks.

Royal Doulton ends Forte to retain first day 14p up Harvester

By Peggy Hollinger

Shares in Royal Doulton, the fine china manufacturer demerged from media parent Pearson, ended the first day of trading 14p higher than the opening quoted price of 193p. valuing the company at C113.8m.

A group of three UK institu-tions is believed to have led the buying as media investors sought to shed the shares. The institutions are also thought to be existing Pearson investors. A total of 23.9m shares were

traded, the second largest volume after Hanson. Pearson shareholders were offered one Royal Doulton share for every 10 held in the

almost 10 per cent up on last parent, which owns the Finan-The group also said it had completed the sale of its 50 per cial Times. Pearson shares closed cent stake in the UK chain of Wednesday at 614p. They opened at 594p, reflecting the demerger of Royal Doulton, Kentucky Fried Chicken to

but gained 3p during the day to

close at 597p.

Analysts said buyers of Royal Doulton shares were focusing on the longer-term. The company has made it clear that the current year will be depressed by redundancy and restructuring costs. It reported a 22.1m loss for the six months to June 26 and a profit of 28.4m (£15.5m) for 1992. There were no comparable first-half figures for 1992. The forecasts for next year range from £10m to £17m.

Fleming Far Eastern

Fleming Far Eastern Investment Trust reported net asset value of 361.5p (219.7p) per share at September 30. Net revenue for the six months to £2.2m (£1.54m) for earnings of 1.42p (0.98p) per share.

Racal shares fall after provisions lead to £0.4m loss

By Paul Taylor

Shares in Racal Electronics fell sharply yesterday after the data communications, radio and network services group reported a small interim pretax loss, mainly reflecting £20.2m in provisions for disposal and closure costs on the Racal-Redac computer aided engineering business.

The shares closed 29p lower at 160p after the group announced a £388,000 pre-tax loss for the 28 weeks to October 8, compared with a £23,2m

profit.
The results were the first to be reported under the new FRS 3 accounting rules.

to 0.07p compared with earnings of 3.95p. . The interim dividend, however, is maintained at 1.5p.

Turnover from continuing operations slipped by 3.9 per cent to £428.7m (£446m) while discontinued operations added a further £1.26m (£2.77m). Operating profits from continuing operations declined by

3.5 per cent to £23.1m (£23.9m) after charging £3.9m (£7.7m) in redundancy, severance and reorganisation costs. Sir Ernest Harrison, chair-

man, said the operating results were adversely affected by lower turnover in the radio communications business resulting in a £4.5m reduction in profit. The decline in turnover reflected the continued worldwide recession, govern-ment defence spending cutbacks and increased competi-

Operating profits from the data communications and marine and energy businesses also fell, but were higher in the defence radar and avionics and

specialised businesses. Aside from the the Racal-Redac activities which were sold or closed in October, discontinued activities also included the HRM Marine activities in Spain which were discontinued in the

summer of 1992. Operating losses for these businesses totalled £4.9m (£5.02m).

This, together with the Racal-Redac disposal and closure costs of £6.3m and the acquisition goodwill of these businesses, written off in previous years, of £13.9m, produced a loss of £25.1m (£5.02m) on discontinued operations and resulted in a £1.88m trading loss compared with £18.9m profits. Interest income fell to

£1.5m (£4.29m). A cash-outflow of £23.6m. mainly reflecting a £34.7m increase in working capital, meant the group ended the period with net borrowings of £54.9m and gearing of 10.4 per cent. Sir Ernest said improved performances were expected in the second half from the data and radio communications

However, he warned that given the need for increased expenditure on the British Army Bowman communications project and the National Lottery bid, operating profits from continuing operations for the full year would be similar to last year.

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Anglian GroupInt	4.1	Feb 18	3.7	-	9.5
Castingsnt	1.56	Jen 15	1.3	-	4,35
Grandfidetfin	0.15	Apr 11	7.7	10	12.2
Hansonfin	2.05+	Jen 4	2.85	11.4	5.5
Leeds Groupfin	6.76	Jen 26	5-	8.5	7.33
MERC	14.75t	Jan 28	14.75	20	20
Metro Radio §fin	4	Jan 19	0.5	5.5	5
Racal Electint	1.5	Feb 11	1.5	-	4.05
Royal Bk of Sootfin	a	Feb 25	6	11	8.8
Scapent	1.05	Feb 8	1.6	-	5.63
Severn Trentnt	7.55	Apr 6	7	-	21.1

BUILDING ON STRENGTH

- Strong balance sheet
- Successful rights issue
- Net gearing reduced to 48%
- Dividend per share maintained at 20p (net)

■ Worldwide vacancy levels under 5% of 1993 gross rents

Expansion in US through conditional agreement to acquire US\$300m retail portfolio

SUMMARY OF GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 1993

	1963 Em	Ç11 1465
Gross rents and other charges	324.1	319.9
Revenue profit before taxation	94.2	109.4
Profit attributable to ordinary shareholders	52.6	62.6
Earnings per share before exceptional items	18.9p	23.5p*
Dividends per share – Net – Gross Equivalent	20.0p 25.8p	20.0p 26.7p
Net asset value per share (diluted)	416p	445p*

*The comparative figures for EPS and NAV have been adjusted for the 1 for 5 rights issue in

1993 and re-presented to comply with Financial Reporting Standard 3.

12 St James's Square, London SW1Y 4LB

This notice is important and requires the immediate attention of holders of Bearer Capital Bonds. If holders are in any doubt as to the action they should take, they should consult an independent financial edvisor authorised under the Financial Servicus Act 1986 without delay. I. Heavy Schroder Wagg & Co. Umited is acting for Hegworth PLC in relation to the Required Redemption herein referred to and is not devising any other person or treating any other person as its customer in relation to such Required Redemption. The Trustee has given its consent to the issue of this Required Redemption Notice.

Hepworth Capital Finance Limited

Convertible Capital ("Capital Boods")

Hepworth PLC

nted in England with Emited Hability under the Companies Acts 1948-1967. Registered No. 965073)

Exchangeable Redommable Preference Shares ("Preference Shares") in the Issuer, which are guaranteed on a subordinated basis by, and exchangeable for Ordinary Shares in, the Guarantee

REQUIRED REDEMPTION NOTICE Notice is hereby given to all holders of Capital Bonds which are in bearer form ("Bearer Capital Bonds") that in accordance with Condition 8(a) and Condition 8(a)(ii) of the Capital Bonds, the Issuer has determined to redeem all of the Capital Bonds, such redemption to take place on Wednesday, 5th January 1994 (the "Required Redemption Date"). The purpose of Issuing the Required Redemption Notice is to reduce the financing costs of the Guarantor.

Each unit of a Bearer Capital Bond will be redeemed at its issue price of 100p per unit (the "Issue Price") together with a premium of 2 per cent. whereupon an amount equal to the issue Price shall be applied in paying up in full a Preference Share in the Issuer. Each Preference Share shall be allotted at a price equal to the Issue Price in accordance with the Articles of the Issuer, credited as fully paid.

One Preference Share shall be allotted on redemption of each unit comprised in each Bearer Capital Bond, and each Preference Share so allotted shall forthwith be redeemed by the Issuer at a price of 100p per Preference Share in accordance with the rights attached thereto.

alon of Secret Capital Bands

There will become due and payable in respect of the redemption of each Bearer Capital Bond and the resulting Preference Share, on presentation and surrender of the relevant Bearer Capital Bond, an amount of £1,021,56 in respect of each Bearer Capital Bond in the denomination of £1,021,56 in respect of each Bearer Capital Bond in the denomination of £1,021,56 in respect of each Bearer Capital Bond in the denomination of £10,000 (including interest accrued but unpaid from and including 31st December 1993 to but excluding the Required Redemption Date), at the specified office of may of the Paying and Conversion Agents listed below. Amounts payable on redemption are in addition to interest received for the six snouths up to but not including 31st December 1993. Each Bearer Capital Bond must be presented for redemption together with all the mattered Coupons appertaining thereto, falling which redemption shall be made only against the provision of such indemnity as the Issuer and the Guarantor may require. Bearer Capital Bonds not so redeemed will become void unless presented for payment within the period of 12 years from the Required Redemption Date and matured Coupons in respect thereof will become void unless presented within a period of 6 years from the Relevant Date for the payment thereof, in accordance with Condition 24 of the Capital Bonds. Unmahmed Coupons will become void on the Required Redemption Date.

Redemption of Registered Capital Bonds A Required Redemption Notice is being posted today to holders of Capital Bonds which are in registered form ("Registered Capital Bonds") shows on the Register as at 30th November 1993 is accordance with Condition 22 of the Capital Bonds, giving details of the process for redemption of Registered Capital Bonds.

Holders of Bearer Capital Bonds are reminded that, notwithstanding the foregoing, they will remain entitled to enercise their rights to convert all, but not part, of the Bearer Capital Bonds held by them into Preference Shares which shall forthwith be exchanged for Ordinary Shares of 25p each in Hepworth PLC ("Ordinary Shares"), at the Exchange Price of 286p per Ordinary Share, at any time up to and including Wednesday, 29th December 1993 in accordance with the Conditions of the Capital Bonds. Such rights may be exercised by holders of Bearer Capital Bonds delivering to the specified office of any of the Paying and Conversion Agents listed below, during its usual business hours, the relevant Bearer Capital Bonds together with all unmatured Coupons appertaining thereto, accompanied by a duly completed and signed Conversion and Exchange Notice in the form obtainable from any such Paying and Conversion Agent.

Holders of Bearer Capital Bonds who present a Conversion and Exchange Notice on or prior to 29th December 1993 will not be eligible to receive interest in respect of the period from and including 30th June 1993, but will be eligible to receive the final dividend for the year ending 31st December 1993 in respect of the Ordinary Shares received on conversion.

IMPORTANT - for illustration only

Value of the Ordinary Shares into which each holding of Bearer Capital Bonds in the denomination of £1,000 is convertible.

Redemption price (including accraed interest from 31st December 1993) per hol Bonds in the denomination of £1,000. conditions from 31st December 1993) per holding of Bearer Capital

(i) Based on the closing rold-mortes quotation for the Ordinary Shares, as derived from The London Stock Exchange Daily Official List, for Let December 1913 (being the latest practical) of 415p per Ordinary Shares and an Exchange Price of 286p per Ordinary Shares growing roundings. Fractions of Ordinary Shares and no technique and no cash adjustments and per Conditions of the Capital Breds, where Ordinary Shares existing on exchange of the referent Perference Shares are to be registered in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name, the number of Ordinary Shares are supported in the same name of Ordinary Shares are supported in the Shares are su (ii) If the Board Capital Boads are redeemed, instructs will be proble to respect of the six month period up to but not metholog 31st December 1993. No adjustment has been made to include dus interest. The Conditions of the Capital Boads include provisions for the Trustee to earcise, at its absolute discretion, not earlier than six days and not lesse than not been boarders days prior to the Required Redemption Date, the Conversion and Exchange Rights in respect of sixth of the then quantumling Capital Boads as are due for redemption on the Required Redemption Date, if it is antisped or us so advised that the nex proceeds of an immediate sale of the Ordinary Shares arising from such exercise (disregarding any liability (other than a liability of the Trustee) to account on the parentest of any stamp, usual or registration dates consequent thermos) would be likely to exceed the aggregate of the interest otherwise payable on such Capital Boads and the redemption mornies otherwise payable on redemption of the Preference Shares arising as a neight of the Required Redemption.

Principal Paying and Conversion Agent for Bearer Capital Bonds The Chase Manhattan, Bank, N.A. Woolgate House Coleman Street Coleman Street
London EC2P 2HD

Banque Bruxelles Lambert S.A. 24 Avenue Marnix

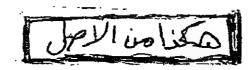
Paying and Conversion Agents for Bearer Capital Bonds Chase Manhattan Bank (Switzerland) 63 Rue du Rhône

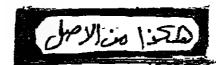
Chase Manhattan Bank Luxersbourg S.A. 5 Rue Plaetis L-2338 Luxembourg Grund

Issued by I. Henry Schroder Wagg & Co. Limited, a member of SFA, on behalf of Hepworth PLC.

3rd December 1993

£1,021,56





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COMPANY NEWS: UK

Heywood shares leap after bullish forecast

the building materials group. rose sharply yesterday after it forecast a sixfold rise in pretax profits to £34m for the year

to December 31, against £5.5m.
The bullish forecast was announced along with plans to buy Bristol Products, a US plumbing components manufacturer and distributor, for \$81.2m (£54.9m), including the repayment of borrowings.

The acquisition, complementing the group's purchase of US building group LaSalle-Deitch earlier this year, will be funded by a 1-for-4 rights issue to raise £50.6m.

Strong growth in existing businesses was forecast to push earnings per share ahead

to 14.8p (1.7p). The shares rose 43p to 387p following the announcement, before closing at 384p. Mr Ralph Hinchliffe, Hey-

wood's chairman, said Bristol would help the group develop its niche business in the US, where LaSalle distributes building products to the manufactured housing and recreational vehicle industries. Bristol was a rival bidder for

LaSalle, and the Indiana-based company approached Heywood after it failed.



Ralph Hinchliffe (left) and Michael Broadhead, deputy group managing director: the buy complements that of LaSalle-Deitch

Bristol's management, which is forecasting profits of \$12.5m in the year to November 30,

will be kept in place. COMMENT

Heywood Williams has seen a marked improvement in its share price since it sold most of its glass business to Pilkington earlier this year. Since then it has turned its back on the construction industry and concentrated on auto glass sales in the UK and the growing manufactured housing and recreation vehicle market in

the US. Future acquisitions are now likely in the UK, where it wants to keep at least 40 per cent of its business. If the rights issue is fully taken up, it will certainly be in a position to do so with cash balances of up to £10m and shareholders' funds of £120m. Following yesterday's announcement, brokers upgraded pre-tax profits forecasts for 1994 by £11m to £39m, putting the shares on a multiple ratio of 16. The positive sentiment and upgrading appears to make Heywood a good long-term buy.

Hanson shares tumble 15³/₄p

Shares in Hanson tumbled 15%p to 268%p yesterday as investors took to heart the cautious tone of the statement including a warning there could be £275m negative swing in interest costs in 1994 - and

the lack of a dividend increase. Mr Derek Bonham, chief executive, said the holding of the dividend had been a particularly difficult decision, and he thought it the first time in the group's 30 year history that it had not been increased when final results were announced. He admitted being conscious

that Hanson was a yield stock, but said with dividend cover at 1.3 times, the earnings outlook dull in the short term, and the Peabody coal strike still unresolved. Hanson had felt unable to increase the dividend. However, he said the issue

would be under constant review, and hoped that as trading turned up, and subject to the outlook for 1995, an increase might be forthcoming later in 1994. Hanson pays divi-

He doubted whether the Foreign Income Dividend scheme. detailed in the Budget, would be beneficial to Hanson. "We must satisfy all our shareholders. FIDs are a massive turn-off for tax exempt investors."

director, said the corporation tax provisions in the Budget would have little effect on Hanson, and the group would "look for every legal way to reduce tax". The 11p increase in duty on 20 cigarettes would be harmful to volumes at Imperial Tobacco, while cuts in the road building programme would affect ARC.

Group turnover in the year to September 30 was £9.76bn (£8.8bn) and operating profits fell from £1.07bn to £978m, affected by the £125m cost of the US coal strike but a £87m benefit from exchange rate moves. Exceptionals, profits on disposals less closure costs, added £24m (£172m).

Lower rates cut net interest income from £46m to £14m, leaving pre-tax profits at £1.02bn (£1.29bn). The fall in UK interest rates, the lack of high yielding long-term depos-its fixed in 1992 and higher borrowings due to acquisitions, could add £275m to interest charges in 1994.

Earnings, excluding excep-tionals, were 14.1p (18.5p). A fall in operating profits from industrial activities to £291m (£393m) was not quite offset by a rise from £390m to £443m in consumer products and from £257m to £301m in building products.

Severn Trent held back by decline in demand

By Peggy Hollinger

Severn Trent, the privatised water utility, yesterday announced interim pre-tax profits of £146.9m, held back by a decline in demand from commercial and industrial customers and higher interest charges.

Pre-tax profits were 4.3 per cent higher than last year's reported £140.8m. However, on a comparable basis following accounting changes last year, pre-tax profits fell from £148.3m.

Turnover for the six months to September 30 rose by 6.7 per cent to £489.8m. Interest charges were more than doubled at £23.2m (£11m). Mr Roderick Paul, chief exec-

urive, said the results reflected "tight cost controls in the busi-Direct operating costs, excluding East Worcester Water, the

recently acquired supplier, were 1.3 per cent lower in the Mr Paul said Biffa, the waste management company acquired for £212m in 1991, had

contributed operating profits 10 per cent higher at £6.6m. Turnover was 15 per cent up at £58.1m, Biffa was, however, still some way from covering interim interest costs of about

The other non-regulated businesses declined at the The good news came where operating level from £1.6m to least expected at Severu Trent. £600,000. Mr Paul said this was Biffa, long the focus of largely due to £1.2m in market-

ing costs for the international operation. The core UK regulated water business benefited from cost cutting and production efficiencies, contributing a 12 per cent rise in operating profits to £167m. Sales were 5 per cent up

at £394.1m. Severn suffered an 8 per cent fall in consumption by its top 1,500 commercial customers.

Capital expenditure of £470m was budgeted this year, down from £550m, with a further decline to roughly £400m next. year. The interim dividend is lifted to 7.55p (7p), payable from earnings 5 per cent higher at 39.4p.

unhappy controversy over the price paid and onerous financing commitments, appears to have more than held its own; at least, compared with Shanks & McEwan. Still, cynics argue any contribution after financing costs could be up to a

decade away. The decline in operating costs was expected, but could work against Severn in the price review next year. There is a possibility that Ofwat will squeeze the efficient Severn harder to allow others with greater commitments lee way. Given such uncertainties Severn appears fully valued. Full-year forecasts are for £275m pre-tax, with a dividend

Linread gives full year warning

Linread, the components and fasteners group, warned yes-terday that its pre-tax profits for 1993 would be lower than market forecasts, but ahead of last year's £810,000.

Profits would be held back by redundancy charges roughly double the £268,000 for the first balf. The shares closed down 8p at 98p.

Schlumberger sale to management

Schlumberger, the oilfield services company, is selling its transducer and instruments group to a management team led by Mr Phil Tempest, currently group managing direc-

Funds advised by Schrodet Ventures are supporting the buy-out of the group which will be known as Solariron.

All-round advance lifts Leeds 31% to £7.23m

Kingfisher takes stake in

German office supplier

Sures.

By Pater Pearse

Leeds Group, the West Yorkshire-based textile dyer and printer, increased pre-tax profits by 31 per cent from 65.53m to £7.23m over the year

The group is proposing to lift. the annual dividend by 16 per cent and make a 1-for-2 scrip

Mr Robert Wade, chairman, said that the dividend rise - up to 8.5p (7.23p adjusted for last vear's scrip) via a 5.75p final was the 27th consecutive

annual increase for the group. Turnover expanded 14 per cent to \$47.1m (\$41.3m), though Mr Wade pointed out that a 30 per cent fall in wool prices for the second year running and the reduction in output at the Walsden factory hid an increase in volumes of about 15

The fire at Walsden made its way on to the profit and loss lits of 2572,000 ruption insurance and material 22.1p last time.

Kingfisher, the retailing group,

is buying a 33 per cent stake in Maxi-Papier-Markt, the Ger-man office superstone group for

DM20m (27.9m). The purchase

follows its move into France

through the takeover earlier

this year of Darty, the electri-

The agreement also involves Staples, the US office super-store chain investing a further

DM20m in Maxi-Papier, which

was founded in 1989 and oper-

ates 11 office discount stores in Germany, lifting its holding to

DANKA BUSINESS Systems is

acquiring the photocopying interests of Murray Interna-tional Holdings for \$1.7m cash.

The acquired companies' most recent accounts showed a pre-

tax loss of £350,000 on turnover

of £10.5m. GENTON International offer

for Angio-Eastern Plantations

has gone unconditional. At

3pm on November 25, Genton and its concert parties, owned

and had received acceptances

in respect of 13.41m AEP

shares (51.19 per cent). Offer

damage insurance respectively Mr Wade said the group was having to look for future prof its not from price increases but rather cost cutting, higher volumes and other such mea-

He said that about 30 per cent of the group's output went abroad, though the Japanese and European markets remained depressed. The Mid-dle East was "quite good, though not as good as last time", but new markets, such as Taiwan, South Korea, Thailand and Singapore, were

doing well.
"All divisions of the group contributed to the incre profit," said Mr Wade, with the two Dutch companies acquired in April for an initial \$2.49m contributing 2553,000, and the leasing side, often thought anomalous, making £356,000

(2286,000).Barnings per share, including the material damage insurance, emerged at 28.5p and and £286,000 for business inter-excluding it at 26.9p, against

49 per cent.

Kingfisher and Staples formed a joint venture last year to develop office super-

Sir Geoffrey Mulcahy, chair-

man of Kingfisher, which also owns the B&Q. Comet, Wool-worths and Superdrug chains, said its entry into the German

market was a direct result of its relationship with Staples.

expertise in the office supplies industry combined with our own retail experience will enable us to expand and grow this business," he added.

will remain open until Decem-

LINTON PARK is to buy Brit-

ish African Tea Estates (Hold-

ings) from Lawrie for £2.4m,

subject to an adjustment, which will be satisfied by the issue of 923,077 new shares at

PEKK, the multinational traffic

and field data systems group, is paying £1.85m for Elequip, a subsidiary of Silvermines. Price will be satisfied by £400,000 in cash and balance by

issue of ordinary shares.

"Staples' and Maxi-Papier's

stores in the UK.

Bayerische Landesbank Bulletin MONEY AND CAPITAL MARKETS REPORT

GERMAN BOND MARKET STRIKING PARALLELS

Banks' bond purchases

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German banks have sharply increased their net purchases of fixed-interest

securities. In the past two years, they have alternated with foreigners as the

dominant investor group in the German market. Since the fourth quarter of 1992,

banks have added DM155 billion worth of bonds, or more than two-fifths of total

net purchases, to their portfolios. With the yield curve taking on its normal shape

again, banks should remain buyers of fixed-rate securities. Their present holdings

A comparison of the present interest-rate cycle with previous ones reveals striking parallels: Excess liquidity is helping to audge interest rates down.

Even after the latest cut in the key rates, hopes for a further fall in interest rates are still alive. While in the past such a constellation of rates-cyclical low of bond yields and a lowering of the key rates-had almost inevitably triggered a setback in the bond market (at least a temporary one), there was hardly any reaction this time. Although the ten-year yield is at its lowest level in the past five-and-a-half years and

DM bn.

Average bond yield

only some 50 basis points above previous lows (e.g., 1978 and 1987), there is still room for a fall in the key interest rates and thus in the rates at the short end of the market.

At any rate, the fundamental situation in the late autumn of 1993 is such that no early interest-rate reversal need be feared. After the swift decline in interest rates, however, mainly since the start of the currency turmoil in the EMS in the autumn of 1992, the question as to the remaining downside potential looms large. Interest rates have come a long way since the cyclical peak in the autumn of 1990, when ten-year bank bonds yielded 9.1 per cent, five-year bonds 9.15 per cent and time deposits as much as 9 3/4 per cent; the long-term vield is now almost one-third lower and the yield on medium-term bonds and that at the short end of the market are down approx. two-fifths and one-

of bank bonds and public bonds come to more than DM 700 billion. third, respectively. A comparison with the previous interest-rate cycle shows the following picture: The rate for five-year securities dropped by some three-fifths between 1981 and 1987, the ten-year yield halved, and money-market rates in the summer of 1987 were down to a quarter of their 1981 level.

A comparison with previous Interest-rate cycles reveals striking parallels: Similar to the situation at the time of the 1978 and 1987 interest-rate lows, ample liquidity has helped to nudge rates down, most of which came from foreign sources (including reinvestments of German capital by Luxembourg-based investment funds).

Another point worth mentioning: In 1978, the lowest nominal rates for five-year and ten-year public bonds were 5 per cent and 5 1/2 per cent, respectively. In 1987, the yield on five-year special federal bonds, with a coupon of five per cent and an issue price of 100.80, fell to 4.82 per cent; ten-year federal bonds had a coupon of 5 1/2 per cent. In the current cycle, special federal bonds yield 5.26 per cent and tenyear bonds return 5.88 per cent.

However, when trying to fathom the remaining potential for interest-rate cuts, one should not rely too much on past experience; instead, it would seem preferable to look at the factors determining the current trend. The

following positives and negatives have to be taken into account:

 Inflation will continue to cool in 1994, so that there will hardly be any need to keep money tight on this account. The rise in prices - in October the figure ...three" reappeared before the decimal point for the first time - should slow down to a three-per-cent pace next spring.

 The demand for loans and capital will grow at a moderate pace in 1994. Housing construction and (probably) public-sector borrowing demand will not be much higher than in 1993, though the latter will be noticeably above the average for the preceding years. The corporate

1

sector's borrowing dentand will probably diminish in 1994.

• The investment potential will again be sufficiently high next year to allow the demand for capital to be met without difficulty. If the D-mark remains strong, D-mark investments will continue to be favoured by foreign investors. The steady growth of household wealth can be expected to continue.

These positives tend to stabilise the bond market, while the negatives do not yet give cause for serious concern. though they may cause some irritation from time to time. The negatives are a possible reversal of US monetary policy and uncertainty regarding the future course of exchange rates.

Weighing the negatives against the positives, we see no likelihood of a drastic change in the direction of interest rates. The Bundesbank will continue the balancing act between external necessities and internal

requirements it has already been successfully performing this year. This means a further reduction in money-market rates, which - if past cycles provide any clue - still have room for a fall of about 150 basis points.

To receive your complimentary copy, in English or German, of the latest issue of Bayerische Landesbank's Money and Capital Markets Report, just fill out the coupon below and enclose your business card or letter-Bayerische Landesbank Girozentrale **Economics Department** D-80277 Munich Please send me a complimentary copy of the latest issue of your Money and Capital Markets Report. Please print ☐German

GOLD FIELDS OF SOUTH AFRICA LIMITED

NEWS IN BRIEF

CONVERTIBLE REDEEMABLE CUMULATIVE PREFERENCE SHARES DECLARATION OF DIVIDEND

Standard conditions relating to the payment of thirdends are obta transfer offices and the Lendon Office of the company.

Paqueets for payment of the dividend in South African currency by members on the United Kingdom Pagaster study be exceived by the Company on or before 12,00 on 31 December 1993 in accordance with the above-mentioned conditions. The register of members will be closed from 1 to 7 January 1994, inclusive By order of the Board per pro GOLD PIELDS CORPORATE SERVICES LIMITED

Landon Office Greencok: House Francis Street London SWEP (DH

2 December 1993

. .

19 of 145 cents per preference share for the aix months ending 1993 has today been declared in South African currency, psychole to hereholders registered in the books of the company at 12.00 on

Bayerische Landesbank

Micro Focus

BANCO POPULAR ESPAÑOL FORMAL BRIEFINGS AND

- et on the morning of Thursday January 27, 1994, the Bank's Board of Directors will formally approve and 1993 financial statements, management report, income distribution proposal and related consolidated

- Managerial staff of the Benk: following the practice of recent years, a briofing for managers will take place on the morning of Friday January 28, 1994.
- On Fridey March 4, 1994 we will publish the notice calling the Benk's chereholders' meeting for Thursday June 30, 1994, with the following provisional agenda: 1) Approval of the Bank's individual and concolidated financial statements and distribution of income for 1893, and conduct of the business in that year. All documents approved and signed by the Board of Directions on January 30, 1994, will be submitted to the shareholders' meeting for their sporovel. These documents with be available to shareholders from the day the shareholders' meeting in colled. 2) Removal, election, ratification and reslection of directors. As it is customary, every year, all directors will seek their reappointment from the shareholders' meeting. 3) Authorization to acquire beauty stock, within the legably permitted finds and periods. Such authorization must be renewed each year because it curront exceed eighteen months. 4) Information and briefing on agreements relating to the start up and discontinuance of artists in different areas of the group, incorporation of Bance Popular Hipotecaria and Popular Rabobank, and discontinuance of the business of Bance Popular Industrial through its electron by Bance Popular Esperiol.

The foregoing timetable not only complex strictly with the relevant legal requirements but also aligns the Bank with the most advanced transis of corporate law practice, overcoming the obvious installations of an isolated event (the traditional shareholders' meeting right) by establishing an engoing process of communication transment to an open-ended shareholders' meeting which starts with the publication of the information at the end of Jensary and termally concludes with the shareholders' meeting proper at the end of Jens, in a broader sense, there might even be said to be a permanent open-ended shareholders' meeting throughout the year, with periodic input in the form of the Bank's published quantum frametal reports.

The stransdate communication link between the Bank and as shareholders is the Shareholders' Bureau (28, Calls José Ortege y Gassat, 26005 Madrid, telephone numbers (341) 520 73.03/25. Fax number (341) 577.92.08), on two different but internialed levels: the information level and the involvement in menagement level, which shareholders can make use of as olten and as extensively as they wish.

SCAPA GROUP PLC

Interim results for six months ended 30 September 1993

Sales up 19 per cent to £187.2 million

Pre tax profits up 11 per cent to £22.2 million

Earnings per share up 7 per cent to 6.1p

Interim dividend increased by 3 per cent to 1.65p

French specialist tapes acquisition announced

"All three divisions have performed well in light of the markei conailions. Yve are confident that our continuing efforts in the areas of product and service innovation, added to improvements in productivity and quality, will allow us to continue to make progress.

H Tuley, Chairman

Copies of the Interum Report will be available after 10 December 1993 from the Company Secretary, SCAPA GROUP PLC, Oakfield House, 93 Presson New Road,



Kinedom and the Republic of Ireland Limited ("the London Stock Exchange"). Application has been made to the London Stock Exchange for the whole of the ordinary share capital of Telspec pic, in issue and now being issued, to be admitted to the Official List. It is emphasised that this advertisement does not constitute an offer or institution to any perion to subscribe for or to purchase securities.

It is expected that dealings in the Ordinary Shares of Telspec plc will commence on Thursday, 9th Dec 1993.

leispec pic that remains and registered in England and Wales No. 2870908

Placing

by Credit Lyonnais Laing

of 12,653,562 Ordinary Shares of 25p each at 160p per share

Share capital immediately following the Placing

Issued and fully paid £7,928,297 31.713.188

Ordinary Shares of 25p each £10,500,000 42,000,000 The Telspee ple group of companies is an international group which designs and manufactures advanced nications equipment, principally for sale to companies providing and operating telecommunication

Copies of the listing particulars may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including Thursday. Inth December, 1993 from:

Telspec plo 1-5 Lancaster Parker Road Rochester Amport Kent ME1 3QU

Credit Lyonnais Laing Broadwalk House 5 Appold Street London EC2A 2DA

and during normal business hours up to and including Munday, 6th December, 1993, for collection only, from the Company Announcements Office, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London EC2.

3rd December, 1993

Scapa hits £22m and buys French tape maker

Scapa Group, the industrial materials group which mainly supplies the paper industry, yesterday announced a European acquisition, a second enhanced scrip dividend and an 11 per cent increase in interim pre-tax profits to

The group is buying Barnier, a French specialist tape manufacturer, from the Borden Group in a deal worth £20m. The Blackburn-based company said this developed its strategy of building a substantial international business in specialist

Barnier, which exports a third of its products, last year made pre-tax profits of £2m on sales of £25m. Scapa, which entered the speciality tapes market in 1986, has since made acquisitions in the UK, France

The Barnier acquisition will be funded from Scapa's exist-

founded in 1917, employs 260 people and has two manufacturing bases in Valence. France, with further sales and distribution operations in Dus-

Mr Harry Tuley, Scapa's chairman, sald: "Annual turnover from our specialist tapes businesses will now be in excess of £70m, making us one of the largest manufacturers of specialist adhesive tapes in

months to September 30 rose by 19 per cent to £187.2m. Scapa said only five percentage points of that was organic growth, the rest coming from acquisitions and the effect of foreign currency translation. Earnings per share increased to 6.1p (5.7p) and the interim dividend is lifted from 1.6p to 1.65p. Scapa is again offering an enhanced scrip worth 2.475p, an increase of 50 per

net advertising revenue - the basis on which network pro-

the company, in which Pear-

son, owners of the Financial

Times, has a stake, are

There is,however, a realistic

Despite its problems York-

shire is being examined by a number of possible predators,

including LWT which already

casting licences but no more.

The new rules, due to come

into effect on January 1, will

be debated in the House of

Commons next Wednesday and by the House of Lords on

(£15.2m). Net debt dropped 30 per cent to £1.47m (£2.36m).

the total dividend goes up 10

per cent to 5.5p (5p) via a final

advertising demand had been

across the board, but growth

areas had been motor manufac

turers and dealers and retailers

of furniture and white goods.

The arrival in the market-place of Classic FM and Virgin had raised radio advertising's

Mr Neil Robinson, chairman,

said the group had made an

excellent start to the new

financial year, with advertising

director, said the incr

profile, he said.

Mr John Josephs, managing

possibility of a return to profit

gramme costs are allocated.

Yorkshire-Tyne Tees

deficit expected to

grow to £8.5m

Losses for the 12 months to the

end of September at Yorkshire-

Tyne Tees, the financially

troubled ITV company, are

likely to be higher than expec-

Last month the company issued a formal statement say-

ing that a deficit was likely for

the year.

All the signs were that the expected loss, mainly caused

by controversial methods of

selling advertising such as try-

ing to pull forward revenue by

heavy discounting, could be contained at a pre-tax loss of

about fim.
It is believed that Yorkshire-

Tyne Tees has now decided not

to include a discount on its

subscription to the national

ITV network in the 1992-98 year because it will not

be paid until early next

A discount of some 23.5m is

expected because of the fall in Yorkshire-Tyne Tees' share of

asing interest in radio as

an advertising medium and

signs of returning consumer

confidence helped Metro Radio

Group, the USM-quoted radio

station operator, increase pre-

ax profits by 27 per cent to

22.36m in the year to Septem-

The group operates seven

independent radio stations in

north-east England and York-

Advertising revenue rose by

17 per cent to £14.7m (£12.6m).

Local and regional revenue

was 23 per cent higher. A

balf resulted in a national reve-

nue increase of 1.9 per cent.

ber 30, against £1.86m.

By Chris Tighe

Growth in advertising

boosts Metro Radio

Turnover rose to £17.7m revenue well shead.

tive worth at least 2.426p, worth 98 per cent of the enhanced scrip. Mr Tuley said Scapa had

made a second enhanced scrip seldorf and Barcelona. issue because the group could still profitably employ the cash saved in the business, but the board would not seek to renew the authority for issuing enhanced scrip dividends next The chairman said the

results demonstrated Scapa's Group sales for the six resilience against a background of continuing economic recession in its main markets, and the group had increased market share. The extended recession had been coupled with continuing problems of over-capacity in the paper industry in both western Europe and the US.

Scapa is about to open a new plant for engineered fabrics in Malaysia, the group's first factory in its rapidly growing markets of south-east Asia.

Hays to pull out of insurance broking

By Andrew Bolger

As a result pre-tax losses of HAYS, the business services group, has decided to transfer its in-house insurance business to Alexander & Alexanlikely to be in the region of der, the international brokers based in the US.

The group has consequently agreed to sell its St Olaf insurance broking business to a management buy-out. St Olaf will continue with its non-Hays clients, which comprise a substantial minority of its current busin

owns 14 per cent.

Any purchase by another Hays said this move would ITV company, however, would require the immediate disposal produce ongoing annual savings of more than £600,000. The changes will result in some 20 redundancies, about of Tyne Tees because under proposed new government rules an ITV company, outside London, can hold two broadhalf the St Olaf staff, although some may be re-employed by Alexander & Alexander.

Mr Ronnie Frost, executive chairman of Hays, said: "Hays does not view insurance broking as a long-term activity, and as the group becomes increasingly international, it requires an international rather than a UK broker to service its insurance needs fully and cost-effectively.
The move would allow St Olars management to devote

their time to servicing their portfolio of clients. **Enlightened** Earnings per share rose by 25 per cent to 9.4p (7.5p) and

The Enlightened Tobacco Company yesterday annound that its privat 1.25m shares at £1 had been fully subscribed.

Tobacco placing

The company, which claims a corporate ethos of an honest approach to digarette marketing, sells cigarettes under the Death brand name, which it said had proved very popular with its target market of 18 to

34-year-olds. A new brand, Death Lights to be marketed as Slow Death is also planned for the new

By Alan Cane Shares in Micro Focus, the Berkshire-based computer soft-

ware house, closed 16 per cent down at £10.58p on a warning that profits were unlikely to match revenue growth in the second half of the current year. In February the shares touched a peak of £30, but have since been declining.

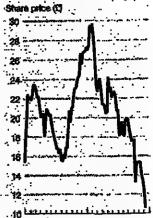
Mr Paul O'Grady, chairman and chief executive, attributed the profits slowdown to three factors. First, customers were confused by the plethora of new technologies available. The increased time being taken on spending decisions was causing a temporary slowdown in the growth of spending on Micro Focus products.

Second, the large computer manufacturers, who had been buying the company's software tools in substantial quantities to market with their hardware had seen their own businesses decline and this had adversely effected Micro Focus sales

Third, a new and advanced software product, PL/1, was still in the later stages of cus-tomer acceptance testing and was due for first deliveries in late-December. It would make little difference to turnover in the current year.

Mr O'Grady concluded: "This means that I foresee some revenue growth in the current fiscal half year, but it will be difficult to achieve sequential earnings growth in dollars compared with the first half." In the first half to July 31, pre-tax profits grew by 20 per cent to £11.6m on sales of

shares fall 16% Micro Focus Group



£40m. In dollar terms, however, pre-tax profits fell from \$17.6m to \$17.4m.

1992

Micro Focus develops software tools that make it possible for companies to develop large software systems on personal computers.

The company's shares fell sharply in August after a US analyst issued a sell note some 20 per cent of Micro Focus stock is held as ADRs, so US investment sentiment has a powerful effect on the

company's share price. Yesterday analysts said they were confused by the company's explanations for the projected slow-down; US analysts were especially strident. Their UK colleagues have cut their full-year earnings projection from between £27m and £30m to between £23m and £23m.

Baring stable launches emerging Europe trust

By Philip Coggun, Personal Finance Editor

Baring Investment Management is attempting to raise between \$40m and \$120m (£30.5m) for a new investment trust which will invest in southern and eastern Europe.

The Bering Emerging Europe Trust will concentrate on Greece, Portugal and Turkey in the Mediterranean region and on Poland, Hungary and the Czech

The managers argue that political changes, low labour costs, the potential for faster economic, and therefore corporate earnings, growth make emerging Europe an attractive investment opportunity.

Warburg Securities is arranging the offer which will consist of ordinary shares with warrants attached on a 1-for-5 basis. Shareholders will have the right to wind up the trust after 10 years.

Pricing of 160p puts £50.7m tag on Telspec

Shares in Telspec, the electronic telecommunications equipment manufacturer which is coming to market through a placing with institu-tional investors, were priced at 160p yesterday, valuing the Rochester-based group at

250.7m. The group designs and manufactures advanced equipment which enables its customers such as British Telecommunications, Telecom Australia and Deutsche Telekom, to improve the efficiency of their networks and reduces the cost of installing, expanding or extending

local telephone services. Telspec said it expected pretax profits of at least £3.3m in the year to December 31. Last year it made profits of sche Telekom.

£18.2m. The flotation price represents a multiple of 20.1 times forecast earnings per share for the current year, the notional gross dividend yield is 2 per The 12.65m share placing

was completed by Credit Lyonnais Laing and Will raise about £20.2m, including £5m net of expenses, which will be used to fund increased capital expenditure and expand overseas service and support facilities. Mr Frank Hackett-Jones, Tel-

spec's founder and chairman. retains a 60.1 per cent interest in the group. He said the company had just won a £7m order for

advanced digital telecommunications equipment from Deut-

> COMPANY NOTICES

GENERAL MOTORS CORPORATION NOTICE IS HEREBY GIVEN that resulting from the corporation's defluence of a dividend of 50.20(grown) per share of the common work

respect of the beater depository receipts in gross distribution of 1.00 per cent per unit. The depository will give further action of the sterting equivalent of the net distribution per unit after 15th December 1903. All claims unset be accompanied by a completed claim form and 15th tax declaration obtainable from the depositary Calicumsto other than UK banks and introducts of the Stock Exchange must lodge their bearer depositary receipts for warting, Postal claims cannot be accepted. The corporation's 1rd quarter 1993 report will be available upon application to the depository maned below.

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Quebec Central Rallway Company Capital Stock

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CONTRACTS & TENDERS

INVITATION TENDER **AWARDING OF** CARTUJA'93 THEME PARK

S

A NEW THEME PARK IS CREATED IN THE SOUTH OF EUROPE

A Theme Park has been is operation in the Internationally renowned city of Seville since June 1993 and has received more than three million

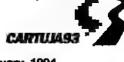
visits over the first six months of its existence. **BASED ON PART OF THE 1992**

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Provisional operation of the Park is to continue until 2 April, 1995, and the final awarding of the latter will take place in June 1994.



Interested parties should submit their tenders before 28 February, 1994.

Requests for the document containing "Guidelines for the final awarding of the Theme Park" and any other information that may be required should be addressed to:

Mr. Arturo González Rivero. Director of Promotion at Cartuja 93

Sociedad Estatal Cartuja 93, S.A. World Trade Center.

In preparation for the payment of the half-yearly dividend due January 15, 1994 on the above stock, the transfer books will be closed at 3.30 pm on December 17, 1993 and will be reopened on December 29, 1393.

THE BUSINES SECTION

appears Every Tuesday & Saturday, Please contact Melanie Miles on

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Replacement side helps lift Anglian to £12.2m

Buoyant demand (or replacement windows helped Angilan Group, the double glazing company, increase pretax profits by 19 per cent to £12.2m in the six months to

The self-proclaimed market leader said yesterday that a strong performance by its retail division pushed turnover up 18 per cent to £84m (£71,4m).

The division, however, has come under increasing pressure to sustain the group following the loss of lucrative contracts with the recently privatised Property Services

Turnover in the commercial division, which handled work for the PSA, declined 5 per cent and accounted for just 10 per cent of the half-year total. In the last financial year the value of Anglian's PSA contracts was estimated at £15m, representing about 75 per cent of the commercial division's

Mr David Herman, group finance director, admitted yesterday that the privatisation ending three years in which Anglian had enjoyed "favoured status" with the PSA - was a

Castings

advances

to £1.97m

Pre-tax profits at Castings advanced 24 per cent to £1.97m in the six months to September

30, against £1.59m. Turnover was 12 per cent ahead at

£18.3m. compared with £16.3m. The shares for this West Mid-

lands based maker of iron castings advanced 10p to 208p.

Mr Brian Cooke, chairman,

said it was the first time since the year to March 1991 that the

company had seen a return to reasonable levels of trading at

all companies. Margins, though not at previous levels, were

Earnings per share were 6.25p (5.05p) and the interim

dividend is raised to 1.55p

Inchcape, the international ser-

vices and marketing group, bas

formed a joint venture with LA

tribute and sell LA Gear

branded footwear, apparel and accessories in selected south-

Operations of the Joint ven-

ture will begin in Singapore.

will subsequently extend into

other markets, including

Scottish Investment Trust has

increased its total debenture

borrowing to more than £77m

through the placing of a £50m

issue with the Royal Bank of

Scotland. The Issue has a cou-

pon of 7.75 per cent and is redeemable in 2013.

trust, which has assets exceed-

ing £825m, said a proportion of the funds would be invested in

UniChem in further

UniChem, the pharmaceutical distributor and retailer, has announced further expansion

in the form of an acquisition and a distributorship.
E Moss (Moss Chemists), the

retail subsidiary, has acquired

Gerald Hughes Chemist, based in Reading, Berkshire, for a

maximum £650,000, to be satisfied by £380,000 in cash and the issue of 105,889 shares.

in addition. Unithem has

pharmacies.

expansion moves

the UK equity market.

The independently-managed

Scottish Inv Trust

debenture issue

Inchcape in Far

Eastern venture

east Asian markets.



Bill Hancock: new products and sales drive will help group

"It has increased the pressure on our retail business to make up the shortfall. If we get any work from the PSA's successors it will be a bonus," he

To shore up its commercial division, Anglian has pursued new local authority contracts. The move follows its £8.5m. acquisition in March this year New England Windows, which already supplies councils. NEW contributed £6.97m to turnover, but margins on public sector work are expected to shrink because spending cuts have forced councils to **NEWS DIGEST**

> remedial work at the company's raw water reservoirs in 1992-93.

> Turnover expanded from 25.15m to £5.52m. The interim dividend on the participating

> ordinary stock is lifted from

Angerstein Underwriting Trust

has invested about £58m in a

portfolio of UK equities designed to replicate the con-

stituents of the FT-SE 100

The trust has also invested

in a put option, expiring in September 1994, to protect

against a fall of more than 5

per cent in the value of the

Northumbrian Water Group,

through its waste managemen

subsidiary, has acquired Envir-

icare, a waste collection and

transport company. The pre-

Enviricare has 20 per cent of

the waste transport market in

the region with more than 500

clients, including large super-

Monks Inv Trust net

Net asset value per share at

Monks Investment Trust increased from 472.2p to 575.5p

over the six months to October

Butte Mining cuts

Butte Mining, the UK quoted company whose main activity is prosecuting US lawsuits - it

(£65/m) from former managers and promoters - cut its loss for the year to June from £10.5m

Losses per share narrowed from 4.5p to 0.2p. The company

said the reduced deficit resulted from the disposal of lessmaking assets and cost cut-

The company was unable to dispose of its shareholding in

VAM, a lossmaking Australian

gold preducer, and a provi-sional liquidator was appointed

in March. The liquidator has arranged for VAM to be

refleated and, if this is completed early next year, Butte will receive about £350,000.

secking damages of \$975m

loss to £0.54m

to £510,000.

Not revenue for the period was £3.63m (£4m) for carnings per share of 4.55p (6.16p). The interim dividend is maintained

cise terms were not divulged.

Northumbrian

Water expands

Angerstein invests £58m in portfolio

opt for low cost products. Mr Bill Hancock, chief executive, said the introduction of products and a sales drive in Scotland, north west England and the Midlands would help the group "continue its positive progress". Mr Hancock also announced

he will retire next September to make way for Mr Ron Swift, managing director of the Anglian Windows subsidiary. Earnings per share restated on a pro-forma basis to take account of last year's flotation - were up from 8.5p to 9.1p and an interim dividend

COMMENT

of 4.1p (3.7p) is declared.

Anglian's shares closed 22p lower at 331p, reflecting concern at the loss of the PSA business. However, the group's move to win local authority business was likely to soften the blow in the long-term. The continuing strength, mean-while, of the retail division is expected to result in full year pre-tax profits of £26.6m, putting the shares on a forward multiple of 16.5. The group's ability to rely on its retail side should ensure continued growth, although uncertainty over price cutting by competitors could depress the share

P&O invests in another Chinese container port

By Simon Davies in Hong Kong

Peninsular & Oriental Steam Navigation yesterday announced its second investment in Chinese container ports in 10 days. The group is to take a con-trolling stake in the Yangtze

river port of Zhangjiagang. The terminal is being expanded to develop two container berths, and P&O believes it will become the focus of one of the main industrial centres of central China, between the cities of Wuxi, Suzhou and

The Zhangjiagang port can handle Panamax carriers, and the leading Chinese shipping groups already operate sertotal cost of constructing the two berths will be about \$50m

Last week, P&O joined forces with Hong Kong's Swire Pacific to purchase 50 per cent of the container terminal at Shekou, in the Pearl River delta, for HK\$615m (£54m). The port will have contained throughput of 1.1m TEU's.

The investment in Zhangila

gang is less ambitious.
The terminal is situated north-eastern China.

approximately five hours upstream from Shanghai and currently has container capacity of 150.000 TEU's. However, the investment underlines the group's determination to develop its transport-related

activities throughout China. Mr Brian Baillie, deputy chairman of P&O Asia, said that growth in export-oriented manufacturing around Zhangjiagang was similar to that of the Pearl River delta, which in the past decade has become one of the world's biggest

export-processing centres. P&O has bought the majority of a company which owns 51 per cent of the port, but Mr Baillie would not reveal the amount of P&O's investment. The Chinese government has

eign expertise to improve the efficiency of its ports.

Mr Li Ka-shing's Hutchison group has already taken stakes in the ports of Zhuhai, Yantian and Shanghai, while the late Sir YK Pao's Wharf (Holdings)

been anxious to bring in for-

has secured the deep water port of Ningbo. Mr Baillte said P&O was analysing a number of other investment opportunities for ports along the Yangtze,and in

ICL makes £100m rights to bolster balance sheet

CL, the computer company is raising a total of £100m through a rights issue, underwritten by its parent, Fujitsu of Japan.

Northern Telecom of Canada, which holds 20 per cent of ICL, is not taking up its entitlement resulting in Fujitsu's stake rising from 80 per cent to 84 per cent Fujitsu is subscribing for

77m new shares for £50m, giving it an entitlement to warrants to subscribe for a further £50m of new shares next year. It has agreed to exercise the warrants in November 1994. It is the first time since 1982

that ICL has sought further equity and reflects the company's pessimistic view of trading conditions for the next two

years. Mr Peter Bonfield, chair-man and chief executive, said the issue was to strengthen the balance sheet as a precaution against continuing structural upheaval in the industry.

"Against this background." he said, "it is more important than ever that we approach the next few years from the stron-gest possible financial base.

"I may be more cautious than I need be, but I believe a number of information technology companies are going to find themselves seriously short of cash and that access to money will become as big a problem as access to technol-

The proceeds will be used to cut borrowings, giving gearing of between 20 per cent and 30 per cent against the present 50 per cent to 60 per cent.

Fujitsu took over ICL, forthe end of 1990. The two companies have since operated at arms length, partly in prepara-tion for ICL's return to the London stock market, now unlikely for at least three years. As a consequence. Fujitsu's further investment has been treated as a formal

rights issue. ICL has proved the only consistently profitable European computer maker over the past few years as red ink has engulfed its French, German and Italian competitors.

Profitability has been falling. however. Last year the group recorded pre-tax profits of 260.6m on turnover of £2.48bn. Mr Bonfield did not see appreciably better results for the

Labels depress Tinsley Robor

Tinsley Robor, the printing and packaging group, reported pre-tax profits of £12,000 for the six months to September 30, against losses of £132,000. For the full year to March 1993 the group returned to the black with £15,000.

results, Mr John Rose, chalrman, said. Else-where trading continued at tight margins with volumes maintained but expected growth had not materialised. The new specialist music industry printing plant at Uden in the Netherlands, completed its first orders in August, Mr Rose said. Start-up costs of £206,000 were included in the

Most of the £1.9m capital expenditure during the period related to the Uden plant. Spending in the second half would be much reduced, he Turnover grew from £12.4m to £13.1m. Losses

Ongoing losses at Howards Printers, the label printing subsidiary, continued to depress group

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per share were cut to 0.2p (0.4p).

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PRIZE

David Thomas was a Financial Times journalist killed on assignment in Kuwait in April 1991. Before joining the FT he had worked for, among others, the Trades Union Congress.

His life was characterised by original and radical thinking coupled with a search for new subjects and orthodoxies to challenge.

In his memory a prize has been established to provide an annual study/travel grant to enable the recipient to take a career break to explore a theme in the fields of industrial policy, third world development or the environment.

The theme for the 1994 prize, worth not less than £3,000, is: CAN THE DEVELOPING WORLD BECOME RICHER WITHOUT THE DEVELOPED WORLD BECOMING UNEMPLOYED?

Applicants, aged over 35, of any nationality, should submit up to 1000 words in English on this subject, together with a brief c.v. and a proposal outlining how the award would be used to explore this theme further. Please argue your case from the viewpoint of a particular country or industry.

The award winner will be required to write a 1500 to 2000 word essay at the end of the study period. The essay will be considered for publication in the FT.

CLOSING DATE JANUARY 7 1994

APPLICATIONS TO:

ROBIN PAULEY, DEPUTY MANAGING EDITOR THE FINANCIAL TIMES (FT) NUMBER ONE SOUTHWARK BRIDGE LONDON SEI 9HL

been appointed sole distributor in Scotland by Numark, the own brand of independent Graseby sells offshoot Wrexham Water Graseby has sold its Graseby Keltek offshoot to its manage-ment for a minimum of £3.17m ahead at £1.74m Profits of the Wrexham and East Denbighshire Water Comof which \$2.56m has been paid on completion and the balance over three years. The final price will be deterpany rose from £1.07m to

\$1.74m pre-tax for the half year ended September 30. mined when the purchased net The improvement mainly asset values have been deterreflected the completion of mined. BOARD MEETINGS The following companies have cultifud dates of board mechanys in the foliotic Europea Julian monthings are to all field for the property Julian monthings are to all field for the property of providing and produced and produced and produced and produced are produced and produced and produced are found in the produced and produced and function managements are found in the produced and produced and function managements.

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FINANCIALTIMES NEWSLETTERS

Russians

losing cost

advantage'

Russian alaminium producers

"are starting to price them-

selves out of world markets".

according to a study by the Authory Bird consultancy.

Russian production costs, which in mid-1993 were 61 per

cent of western levels, up from

46 per cent a year earlier, last

month reached 94 per cent and

are "still rising", Bird says.
"The flood of metal from met

to west will cease," it sug-

gests, as only two Russian smelters are likely to be com-

Rird calculates average

western operating costs at 51.5

cents a pound, compared with

petitive in the longer term.

By Richard Mooney

Aluminium glut talks 'positive'

Multilateral talks on the talks would probably be held problems of the world aluminium market had generated "positive" momentum but were likely to end with no more than a "broad framework" for that, "there's been no discuseasing the current oversupply, the head of a US industry group said as government delegates prepared to complete a two-day session here, reports Reuter from Washington.

Mr David Parker, president

during the next six weeks. Speaking after a closed-door briefing by US government negotiators. Mr Parker added sion of formulas or numbers". And he thought no such discussion was likely yesterday. Government officials from the US, Russia, Australia, Canada, Norway and the European Community met on Wednesday lowing talks earlier in the day that included industry representatives. The meeting was continuing yesterday. Mr Parker noted that a num-

ber of factors made a quick agreement unlikely, including the General Agreement on Tariffs and Trade talks and the coming parliamentary elections in Russia, the main source of the flood of aluminium that has undermined the western market since the colsatisfaction with the talks so far, which were scheduled as a follow-up to multilateral talks held in Moscow in late Octo

"The momentum that was generated at [Wednesday's] discussion we find to be positive," He added, however, that the

urgency of the issue was such that governments would be placed under pressure to find a

a market price yesterday of 49.3 cents. Inclusion of capital servicing costs and normal profits raises the costs figure

to 64.7 cents a pound. Aluminium Production Costs 1993: £4,200, from Anthony Bird Associates, 193 Richmond Road, Kingston upon Thames, Surrey.

Live animal trade curbs urged By Deborsh Haryruswan

The European Commission is facing calls from animal welfare groups to restrict the trade in live animals between member countries as it prepares a transit directive for discussion at the next meeting of agriculture ministers on December 13.

Pressure groups throughout Europe have formed a committee to targe the commission to lower maximum journey times for animals sent to slaughter across country bor-

Livestock can currently travel for 24 hours non-stop across the European Union although the UK imposes its own limit of 15 hours before lorries have to stop to feed and water the animals. Animal welfare campaigners

are calling for journey times to be cut to 8 hours, although the Germans want to go further and impose a 6-hour limit on journeys. Denmark and the Netherlands are believed to be sympathetic to the proposals. In Britain, the Royal Society for the Prevention of Cruelty

series of emotive advertiseenced by UK lambs heading for the continent. "Before they're roasted in garlic and rosemary. they're soaked in urine and excrement," runs the text of

"We have scientific evidence that shows journey-times over 8 hours cause significant stress in the animals," an official

The RSPCA says public opinion over the transport of live animals is running high, but it has so far received little support from the UK government. for its campaign.

Separately, Labour MPs have joined the RSPCA in calling on Mrs Gillian Shephard, agriculture minister, to ban the export of lambs from the UK to Spain following revelations about inhumane conditions in

Although it costs more to transport live animals than carcases, the trade in living animals particularly shipments of lambs from the UK to France and Spain, has grown in recent years. Exporters have been encouraged by demand

If lambs are slaughtered in French abattoirs, they can be classed as home-produced and command higher prices than imported carcases. This can more than cover the costs of

exporting. The trade in live animals from the UK, particularly sheep, destined for slaughter has grown from around 2m animals last year to an estimated 3m this year following changes in rules that made exports

more competitive. The UK lifted a ban on the export of live lambs to Spain.at the beginning of the year with the introduction of the EU's single market. The government is fighting a claim for damages of more than £1m from Hedley Lomas, an Irish exporter based in the UK, which was refused export licences for live sheep from 1990 to 1092.

The RSPCA says the government could act unilaterally to ban the export of live animals to Spain again on moral grounds. The UK government says the commission must enforce rules on slaughter

of the Aluminum Association, added that another session of the world aluminium glut, follapse of the Soviet Union. Jamaican bauxite sector feels the pinch

Low prices are threatening expansions plans, writes Canute James

and refining industry is weighing carefully the depressed state of the international aluminium market, hoping that companies operating in the island will not be dissuaded from continuing a US\$500m investment programme over the next seven As the world's third largest producer of bauxite (alumin-

lum ore), however, the island is feeling the effects of falling metal prices. Ore production, which slipped last year by 1.5 per cent to 11.3m tonnes, is expected to be unchanged this year, as is alumina (aluminium oxide) production, at 3m

industry - an important component of the island's narrow economy - that Jamaica is feeling the pressure. Mr Carlton Davis, chairman of the Jamaica Bauxite Institute, says that the soft metal market is depressing Jamaica's earnings from bauxite and alumina, most of which is through production levies and income

While bauxite production fell only marginally last year, the island's earnings from the industry declined by a hefty 13.6 per cent to \$577m. Jamaica will be fortunate if earnings amount to \$500m this year, \$200m less than two years ago, says Mr Davis. This forecast is supported by figures showing

three quarters of this year down 1.4 per cent from a year ago, with alumina output little

Earnings have also been depressed by a steady depreciation of the Jamaican dollar over the past two years, with

	(burn	met)	
1980	124	1967	7.
1981	11.8m	1966	27
1982	8.3m	103	9.
1983	7.6m	1990	TO.
1984	8.9m	1881	11.
11185	5.9m	1992	71.
1986	6.9m	1993	113

It is in the earnings from the mining and refining companies spending less to meet local

"The current state of the market might lead some companies to reconsider their capi-tal programmes," says Mr Davis. "But conventional wisdom in the industry is that it is in times like these that one prepares to meet an upturn in the market."

The aim of the Jamaican industry is to lift refinery capacity, which is now being fully utilised, to 5m tonnes a year by the year 2000. The Jamalco refinery in central Jamaica, owned jointly by the island's government and the Aluminum Company of America, is being expanded to a rated capacity of 1m tonnes a

about \$60m. Already under consideration is a later expansion that could lift capacity to 2m tonnes a year.

Alumina Partners of Jamaica, owned by Kaiser of the US and Hydro Aluminum of Norway, is spending \$200m to increase the output from the island's largest refinery to 1.5m tonnes year, and then to 2m tonnes by the turn of the cen-

Two refineries operated by Alcan of Canada, with a com-bined capacity of 1,1m tonnes a year, are being refurbished to lift output to 1.5m tonnes. Mr Davis says that the plants could be further expanded to produce 2m tonnes a year, using a grade of ore that was not yet being processed by the

bile there is opti-mism that the state of the industry will not adversely affect these expansion plans, there has been reconsideration of two ventures. The governments of Jamaica and Trinidad and Tobago had been discussing the construction of an aluminium smelter in Trinidad, using a "modular" system, starting with a small plant and enlarging in stages to meet market demand. Both governments were considering starting with module" with a plant of 55,000 tonnes per year. Mr Davis says this project is not

bauxite production in the first year, from 700,000, at a cost of now being given priority because of the state of the market, and uncertainty over the cost of the local natural gas which would fuel the plant. The industry's plans also included the construction of a caustic soda plant to reduce reliance on imports to meet the demand for 300,000 tonnes per year for the refineries. The project for a 50,000 tonne year plant has been put back. Mr Davis said, because of a significant drop in world prices of caustic soda.

In a longer term project, the Jamaican industry is testing ore deposits in the north and north-western districts that could supply one or two new refineries. The island's government is planning an approach to multilateral financial institutions, and to aluminium majors, in an effort to stimulate interest in financing and operating the refineries. If these projects are not feasible the ores will be used to feed the expanded refineries, Mr

"Jamaica is one of several locations which can attract new investment in the indus try," he acknowledges. "There are many questions being asked about the continued efficiency of plants in North America and Europe. Along with Australia, India, Brazi and Venezuela, Jamaica is profitable location for added production. The industry is very competitive."

Peru's mining giant up for sale next year

By Saily Bowen in Lima

Centromin, Peru's state-owned mining and refining giant, will go on the auction block early next year, company president Mr Hernan Barreto told delegates to Metals Bulletin's Latin America conference, which

According to Mr Barreto, the company has a portfolio of 22 mining projects all over Peru waiting for investors to come along, in addition to the seven units currently operating. In all it has over 2,000m tonnes of proven and probable reserves, The most important projects are Toromocho and Antamina, which have pre-feasibility studies completed and are intended to replace Centromin's Cobriza copper mine, where reserves are expected to run out in six years.

Centromin is a vast mining

1258 14,193 1255 13,719 1218 5,138

73.90 -2.30 76.25 73.65 686 76.30 -2.35 78.76 78.05 33,850 171.86 -2.30 80.25 77.70 5,855 79.30 -2.15 80.90 79.06 1,841 80.20 -1.95 84.00 83.00 537

- 1990 1081 1,199 127 - 004 1123 1123 2,831 99 - 45 -4,665 177

10.87 0 10.66 10.53 50,861 18,115
10.50 +0.01 19 82 10.95 19.565 4.243
10.89 +0.03 18 80 10.95 14.794 1,179
10.72 +0.02 10.73 10.83 14.794 1,179
10.75 +0.06 10.75 10.73 10.75 10.19
10.82 +0.06 10.76 10.75 57 101
10.82 +0.08 57 10.75 10.75 10.75 10.75

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrests.

1815.1

New 30 month ago year ago 217.99 - 202.00

COTTOM MYCE (60,000000 companion)

VOLUME DATA

INDICES

REUTERS (Base: 18/11/01-100)

III CRB (Base: 4/9/56=100)

■ COCOA CSCE (10 tonnes; \$/tonnes)

(until 1974 operated by the USbased Carro de Pasco Corpora-tion). The decision has been definitively taken to sell it as a

Mr Barreto was coy about the actual value he would place on Centromin, although he mentioned "several hundred million [dollars]". Assets total \$1.6bn, he said, but the new owner would have to assume substantial company habilities ns well. The sale of what Mr Barreto

admitted was a hugely com-plex asset will be facilitated if secondary debt paper is accepted. A new law, pa Peru's Congress on 19 November, sets the framework for Peruvian debt to be used in privatisation - under this ruling a minimum 10 per cent will still have to be paid in cash.

and metallurgical complex that Precise details are to be has developed over 90 years worked out on a case-by-case basis but the prospect was viewed with "great enthusiasm," Mr Barreto said. Twenty-four companies pre-

qualified to bid for Centromin, but an unspecified number have pulled out as a consece of the decision not to split the company into sepa-rate units. According to Mr Barreto, "three or four" major international companies remain seriously interested and are forming bidding conthese include Mexico's Penoles, Britain's RTZ, Cominco of Canada and South Korea's Dae-

For all its problems - of which environmental pollution is perhaps the most daunting -Centromin looks a much more attractive investment prospect today than it did two years

ago. Under a new, private-sec-tor board, a 1991 loss of \$163m of \$26m last year. Poor international minerals prices this year pushed profits to September down to just under \$4m, how-

But, says the indefatigably optimistic Mr Barreto, Centromin is a "very attractive prospect". It is polymetallic (40 comes from zinc, 28 per cent from copper, 20 per cent from silver and 11 per cent from lead) so income is diversified and partially protected from price fluctuations. It is a going concern with a wide range of assets and projects. And, importantly for the future owner, the workforce has been sharply reduced from 19.000 two years ago to today's 11,700, while at the same time output

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Amaloamated Metal Tracinol M ALUMINIUM, 99.7 PURITY (5 per torne)

Close	1064-5	1084.5-5					
Provious	1054 5-5	1075-5.5					
High/low	1057/1056	1088/1076					
AM Official	1047-7.8	1077-7.5					
Korta elega		1006-6.5					
Open int.	N/A						
Total daily tumover	N/A						
M ALUMINIUM ALLO	Y (\$ per tonne	•					
Close	927-9	950-1					
Previous	926-33	950-5					
High few		952950					
AM Official	922-4	946-8					
Korb dase		052-5					
Open int	N/A						
Total daily tumover	N/A						
■ LEAD IS per torner							
Closo	431-2	444-4.5					
Frangus	430-1	443 5-4					
High low		448/443					
AM Official	434-5	447-8					
Kerb clesq		434-5					
Open mt	EVA						
Total daily turnover	N'A						
NICKEL IS per tor	sne)						
Closa	4715-25	4770-80					
Previous	468C-5	4735-40					
High law		4790/4750					
AM Official	4720-5	4775-80					
Korta close		4760-5					
Coon int.	N/A						
Total daily tumover	N'A						
III TIN (3 per tanne)							
Close	4685-90	4733-40					
Provious	4625-35	467\$-85					
High low	46.95	4783,4710					
AM CHICAL	4885-90	4740-2					
Mortal crisisa		4760-90					
Open of	NA						
Total daily fumoving	N. A						
E ZINC, special No	ih grade (5 pe	tarnei					
Close	240-1	959-8.5					
Providus	938 5-7 5	954 5-5 5					
Highlica	33)	9607955					
AM Official	939-95	256-7					

253.5-4 Coon int Total ditty turnover 1665-6 1643 5-4 5 وددني בעברנקום Hightiew AM Official 1084-45 1682-3

Sect 1 4323 3 mm; 1 4760 6 mm; 1 4034 9 mm; 1 4653 M HIGH GRADE COPPER (CCNE.4) 75.00 +0.05 FE-45 75.75 2.00 70.19 0 76.40 75.95 1,551 76.40 +0.13 76.90 76.40 10.24 76.65 +0.10 77.10 76.60 10.25 77.10 +0.15 77.65 77.00 E.574 77.10 +0.15 77.65 77.00 E.574

PRECIOUS METALS E LONDON BULLION MARKET
Prices supplied to N M Robischild

- contro

Gold Coirs

1 (1907)

M LME AM Official E/S rate: 1.4896

Gold (Troy GZ.) 374 65 375 20-375 70 Gold Londing Flater (Va USS) Emorns 256 12 mon2o 266 2 maggrs Silver Fix 406 00 423 20 473 05 Sec

22165

S DECE

43: CO

59 €1

Precious Metais continued W GOLD COMEX (100 Tray oz.; \$/tray oz.) 373.8 -1.0 373.2 373.3 3,783 3,142 374.8 -1.8 - 14 1

374.8 -1.8 - 14 1 375.6 -1.0 377.8 374.9 77,378 50,543 144,450 BAJOT PLATINUM NYMEX (50 Troy 02; \$/troy 02.) 377.3 +0.7 379.0 378.6 +339 533 378.3 +0.8 380.8 377.8 1,522 13 379.4 +0.9 381.0 381.0 168 5 18,843 3,401 122.45 +0.60 (E) m 122.00 273 70 123.95 +1 10 134.75 123.25 3,476 122.70 +1 10 123.26 123.09 685 NEV 25 +1 10 ■ SILVER COMEX (100 Troy cz.; S/troy cz.)

-3.5 466.0 458.0 3,481 **2,55** -3.5 463.5 462.0 32 1 -3.5 468.0 465.0 - 15,366 **ENERGY**

M CRUDE OIL NYMEX (42,000 US gale, S/barrel) 15.00 100.681 29.660 15.28 61.303 21.117 15.96 12,737 8.261 15.62 19,316 1.917 16.02 17,255 1.618 16.20 16.00 17,256 16.49 16.20 35,462 Carbon Say's grice change legs low let 1409 co. III CRUDE OIL IPE (Sharrel)

HEATING OIL HYNEX (42,000 LG gals., \$15 gals.) Tand Ott. Name

Latest Sey's price change High Low Bet Wel = 14.75 - 153 48.00 46.50 80.322 20.047 / 46.00 - 153 47.45 46.50 23.964 11.608 46.60 - 53 47.49 46.50 23.964 11.608 46.60 - 53 47.49 46.60 23.964 7.443 46.00 23.964 7.443 46.05 23.964 11.608 46.05 - 22.47 20.46 25 12.372 1.968 46.25 - 22.47 20.46 25 17.152 2.485 180.279 48.072

OH. PE Thrame:

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0 11,374 1.491 0 9,597 934 5 7,324 955 5 7,214 652 123,846 27,712 WHELADED GASCLINE HTME(-45 97) (5 galls, \$15 galls,) -105 2 4200 0 4155 1,591 -102 0 4205 0 4230 61,358 -102 0 4325 0.4230 61,358 -105 0 4506 0 4420 20,110 -110 0 4525 0 4750 11,821 2,923 105 0 4060 0 4850 16,022 1,152 -115 02500 0 4850 16,907 2,063

GRAINS AND OIL SEEDS IN WHEAT LCE (E per tonne)

101.00 +0.50 101.06 108.76 1,325 102.35 +41.81 102.35 102.00 1,996 104.25 +0.50 104.15 103.85 1,473 108.00 66 WHEAT CET (5,000bu min; centa/60b bushel) 3576 +64 3640 3460 21,916 14,479
3554 +32 3584 3460 164,665 26,746
3366 +276 3394 3314 23,265 2,530
3262 +304 3260 3210 31,746 325
3294 +04 3362 3344 2,946 75 ■ PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) ■ MALZE CBT (5,000 bu min: center56th busine) 285/2 +5/4 286/0 277/4144,975 78,305 231/0 +5/2 291/4 285/4775,620 172,015 259/2 +4/6 294/4 285/23/2,75 23,785 233/6 +5/4 294/4 285/23/2,550 23,580 Sea Mar May Ja BANLEY LCE (C per torne Japan September Japan Septembe 104.25 +0.15 105.96 +0.10

\$95/0 347,995 149,639 \$72/0 168,625 43,225 \$73/4 124,135 13,645 \$74/2 118,235 19,815 \$71/4 18,695 1,840 \$49/0 13,380 270 \$77,626 287,006 +9/2 +9/6 +10/2 -11/2 # SOYABEAN OIL CST (50,000bs: cares/to)

Dati Har Hay As Sep Dec Total

28.63 +0.88 28.65 25.95 4.982 5.129
28.63 +0.853 28.65 25.90 31.295 14.591
28.55 +0.40 28.60 25.90 31.295 6.655
28.22 +0.44 28.25 25.80 10.800 2.002
28.89 +0.36 25.90 75.30 8.857 1.823
25.40 +0.25 23.40 25.00 2.721 114 E SOYABENN WENT CHT (TEX TOTS STOR) 206.9 +1.0 207.3 204.5 6,940 E126 206.9 +1.3 205.5 202.1 27.400 8,256 203.9 +1.5 204.8 201.0 21,407 3,032 202.7 +1.3 203.2 200.2 18,224 1,091 203.2 +1.7 203.6 209.0 8,957 1,091 202.4 +1.3 202.4 199.7 3,571 228 84,614 72,712 POTATOES LCE (E/formati

October 15 April 10

MEAT AND LIVESTOCK

IN LINE CATTLE CHE MILIOCOTO, CHEMIN 70.825 -.485 71.360 70.800 14.794 4.837 72.225 -.475 72.850 72.100 29.015 5.757 74.875 -.300 75.850 74.825 14.806 1.830 72.825 -.300 75.850 74.825 11,812 1.474 71.230 -.400 71.875 71.230 8.433 628 71.530 -.406 71.900 71.800 1.855 182 15 LIVE HOGS CME (40,000lbs; cents/lbs) -9 1290 1299 930 105 -8 1296 1290 43,509 10,027 -6 1314 1589 13,294 1,283 -4 1325 1729 9,215 672 -4 1343 1338 6,371 396 8 1382 1349 5,574 1,618 1000年長月日 45.090 -425 45.475 45.025 4.218 2265 46.509 -375 46.850 45.325 10,050 3,254 46.900 -475 47.375 48.775 4,015 728 52.076 -800 52.500 51,800 2,900 396 51,800 -400 52.500 51,800 5774 1000 50.375 -325 50,600 50,230 579 221 E PORK BELLES CHE (40,000bz; centa/be) \$1,900 +,880 \$2,800 \$1,180 \$,758 1,830 \$1,860 4,850 \$2,550 \$1,200 1,061 238 \$2,480 4,150 \$3,250 \$2,160 780 182 \$2,725 4,175 \$3,300 \$2,400 711 \$1 192 36 8,470 2,445 LONDON TRADED OPTIONS

I COPPINE LCE E COCCA LCE

LONDON SPOT MARKETS III CRUDE OIL FOR (per barrel/Jan) \$12.50-2.82 IN OIL PRODUCTS WIFE \$151-153 a QUINES Gold (per troy cat)
Silver (per troy cat)
Plashum (per troy or
Plashum (per troy or
Copper (US prod.)
Lead (US prod.)
The (Kutle Lumpur)
The (Kutle Lumpur)
The (US Prime W.) \$374.95 464.50c -0.50 +7.00 +7.25 +1.85 +0.5 80 0c 32.75c 11.73r 217.8s Unq. 40.00

-1.43° -0.16°

+8.80 +1.50 +6.50

+7.5

Cattle Rive weight)†
Sheep Rive weight)†
Pigs Rive weight) 121.97p 90.44p 73.68p Lon, day augar (raw) Lon, day sugar (wtd) Tate & Lyle export \$270.90 \$269.00 \$295.0 Sartey (Eng. feed) Matze (US No.3 Yellow) Wheat (US Dark North) \$108.50 Rubber (Jan)* Rubber (Feb)* Rubber (RL RSS No.1 Cocorut Oil (Phitis Palm Oil (Malay.)§ Copra (Phitis Soyabeans (US) \$382.5y \$325 £199.8

CROSSWORD No. 8,322 Set by VIXEN

ACROSS

1 Soldiers retreating — in retreat — according to plan (6) 4 Begin with a matchless indi-vidual, a superior person (5.3) 16 it might be as well not to offer resistance (9) (6)

11 Charge the man going after a 14 Break apart, one is working

(4) late turn rude(9)
13 Balance profits in state devel18turn rude when not prop-15 A pledge that's quite serious 20 Striking appears ineffective

(7)
16 The queen will accept one 21 Artistic man responsible for article, not both (6) revolution? (6)

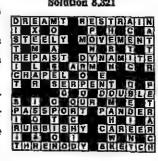
19 Drop after heartless fool 22 Having a cereal in addition causes injury (6)
21 Tea-hour maybe for a writer
(7)
23 Perverse judge turning car
right (10)
25 Port disappeared (4)
27 Bill is in the Channel lelands

Bill is in the Channel Islands to obtain plants (5) 29 A foreigner getting more rum

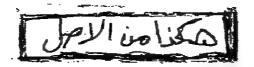
taken back into the home (6) The lawlessness of the under-world "family" (8)
 The sedum soon crept all over the place (9)
3 In spring rewards are to be

6 Dealing with haulage cancellation (10)
7 Love-note, with X at the bot-

bird! (5)
12 Dance, taking a siy look back 17 The French guys getting in



OTTER PAD		



4.5

MARKET REPORT

Advance checked as the profit-takers appear

The six-day bull run on the London stock market met its expected check yesterday, but not until it had scaled new trading peaks early in the session as it continued its positive response to this week's Budget speech from the UK chancellor of the exchequer. With government bonds in retreat and pressures from stock index futures reduced somewhat, profit-taking in the stock market was no great surprise. But trading volume remained high and

the tone positive. The FT-SE 100 Index was 25.1 points up at a new intraday peak of 3,258.3 within the first half-hour of official trading. Although the December futures contract maintained a good premium over the

cash market it exercised less pressure because a severe squeeze on futures positions came to an end.

The Bundesbank's decision to leave its chief lending rates unchanged, although it cut its repo rate, was no surprise, but London traders took the welcome opportunity to mark share prices down in an attempt to attract stock and replenish trading books which have been depleted over the past week.

As the City's optimistic reception for the Budget was consolidated in the stock market, attention turned back to the company news front. Trading results from Hanson, Racal, and MEPC brought a heavy reaction from the respective share prices. However, the banking sector blossomed after Royal Bank of Scotland increased its dividend payment.

The battle weariness of the Lon-

Dec 13
Poc 56
Dec 31
Jan 10

don market prevented it from sharing in the continued advance across other European bourses, and a weak opening on Wall Street gave no help. After drifting steadily down through the second half of the session, the FT-SE 100 finished a net 9.3 off at the day's low point

The weight of profit-taking was indicated by another heavy volume of shares through the Seaq electhis year's highest, closely trailing Wednesday's 1.2533bn.

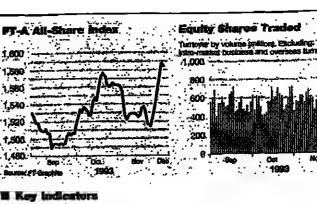
On Wednesday, when the market was making its considered response to the chancellor's measures, retail, or customer, business in equities jumped to £2.8bn, a daily total not seen since sterling's unexpected departure from the European exchange rate mechanism in September 1992; the next comparisons would be with the heady days of the market crash of October 1987.

Demand for the second line issues, which are slower to feel the effects of a change of direction in the market, remained good and the FT-SE Mid 250 Index, although off the top at the close, was 0.3 up at a new peak of 3,565.9.

Confidence that UK base rates sures announced by the chancellor.

1.0484bn shares remained among new year remained unshaken, although it was left to the bank stocks to shine among the interest rate-related issues. The international blue chips had a relatively calm session, with investors content to take profits here and there. There was little activity in oil shares as the market continued to show caution towards weak crude oil prices. However, some US interest in oil issues was reported late in the Lon-

> Equity strategists remained bullish in their assessment of prospects for the post-Budget stock market. The Footsie has gained more than 6 per cent since investors turned bull-ish just a few days before the Budget speech, and investors now appear well satisfied with the mea-



E Key Indicators inclose and railos

ker mentality."

lining up a bid for Yorkshire-Tyne Tees (YTT). Such a move

would mean Granada would

not need to tap shareholders for its predicted move on LWT.

LWT shares slipped 12 to 581p

and YTT added 4 to 183p.
Disappointment at the net

asset value at MEPC shook the

shares, which tumbled 27 to

523p, the biggest faller in the

FTSE 100, in busy volume of

1.8m. MEPC came in with an

NAV of 416p, compared with one bullish broker's 485p and

the market range clustered

around 450p. However, Mr Gra-

the timing of the group's valu-

ation which was done too early to benefit fully from the recov-

ery in the sector and the

improvement in property

Food manufacturers wilted

in the wake of the poor results

from Argyll Group on Wednes-

day, in which the supermarket

operator hinted at wringing

keener prices out of its suppli-

ers. Booker retreated 8 to 398p

and United Biscuits 7% to

832%p, both seemingly subject

to Hoare Govett downgrades.

Stock overhangs were said to have added additional pressure

	3565.9 " 1605.2"	+0.3 -3.5	FT-A 500 p/e FT-SE 100 Fut Dec 10 yr Gilt yield	20.40 3243.0 6.52	(20.43) -16.0 (6.50)			
-A All-Share yield	3.60	(3.59)	Yield ratio:	1.94	(1.94)			
est performing	sectors	•	Worst performing sectors					
Banks	IN MARKET AND STREET	+1.5	1 Conglomerates		3.9			
Water		+1.0	2 Electricals		1.5			
Element & Cholles		+0.7	3 Pack, Paper & Prin	t	1.5			
Beatricity		+0.7	4 Food Retailing		1.5			
Building Materials		+0.6	5 Insurance (Compo:	site)	1.4			

FT Ordinary Index

Dividend boost for RBOS

News that Mr Peter Wood, a director of Royal Bank of Scotland and one of the founders of the bank's hugely successful Direct Line telephone insur-ance business, had bought more than 2m shares in the bank set the seal on a scintillating performance by RBOS

They were easily the best

racing up to a peak 435p before reacting to close 33 higher at 428p, a rise of almost 8.5 per cent. Turnover in the stock reached 16m, by far the highest in a single trading session since last August when Scot-tish Equitable sold a block of

20m shares at 286p. Earlier the market had lifted the shares substantially after RBOS announced preliminary profits of £265m and a 25 per cent increase in the dividend, both figures being well in excess of the most optimistic analysts' forecasts, which ranged up to around £230m. Earnings predictions for the current year were quickly

Yesterday, the buying

Doc 2 chge% Dec 1 Nov 30 Nov 29 age yield% yield% ratio

3.63.2 5166.7 5146.0 2854.8 3.42 3564.9 3462.0 2854.8 3.42 3564.9 3483.8 3484.3 2890.5 3.83 -0.2 1606.7 1575.0 1591.1 1339.4 3.64 -0.3 1754.73 1717.40 1713.62 - 3.13 -0.2 1588.91 1556.45 1543.27 1312.13 3.40

Dec 2 chgs% Dec 1 Nov 30 Nov 29 ago yield% yield%

-C 8 2159 76 2115.64 2121 06 1874 47

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-0 4 837 19 814 55 823 08 706 47

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mark, with dividend estimates being lifted to around 13p. Bank specialists focused on RBOS's rapidly improving bad debt situation, and its successful cost control moves. They also pointed to the huge benefits to the banks of a low interest rate climate in the UK.

Hanson disappoints

Conglomerate Hanson recorded its biggest turnover since the UK general election after announcing disappointing full-year results which prompted a rash of forecast cuts. The shares retreated from their all-time high to finish 16 lower at 2681/sp on 52m turn-

over after the conglomerate revealed a fall in earnings per share and profits down to £1.016bn, from £1.286bn previously. Analysts' forecasts ranged between £1.05bn and £1.15bn.

Hanson's decision not raise its dividend for the first quarter of the current financial year came as a particular shock to the market. There was also surprise over the loss prompted by currency shifts, which was about £100m greater than expected, and the damage caused by the Peabody coal strike, around £15m worse

Analysts pointed out that the group failed to benefit from

TRADING VOLUME

Major Stocks yesterday

Wednesday's surge in share prices so the stock was down about 8 per cent against the market over two days. Forecasts were cut by around £100m to £1.1bn for the current year, although conglomerates specialists said that with a yield of 5.3 per cent the stock

offered some value.

Racal delivered the second big blow to the electronics sector this week, shocking the market with a £400,000 loss at the halfway stage against a comparable £23.2m profit, and market expectations of profits which had ranged from around £16m to £22m. The interim dividend was held at 1.5p; analysts had expected an increase to

around 1.7p, The shares plunged on the news to a year's low of 158p at one point before stabilising and eventually closing a net 29 down at 160p. Turnover of 17m was the highest single day's activity since August 1992.

Dealers said the market had begun to factor in full-year underlying profits forecasts of around £45m but warned that Racal's once large fan club was waning by the minute.

Results from Grand Metropolitan, the food and drinks giant, came safely within market expectations and helped the shares advance 13 to 430p in busy turnover of 10m. Analysts said that in addition to a positive results meeting, the group's dramatic turnaround of its cash position had done much to improve investor confidence. Eisewhere. Boddington added 10 to 275p on vague

NEW HIGHS AND LOWS FOR 1993

FOR 1993

NEW HIGHS (246)
BRITISH FIRIDS (371) OTHER FIXED INTEREST (172 ALBERTALES (371) OTHER FIXED INTEREST (172 ALBERTALES) (271) OTHER FIXED INTEREST (172 ALBERTALES) (271) OTHER FIXED INTEREST (172 ALBERTALES) (271) OTHER FIXED INTEREST (272) ALBERTALES (273) ALBERTALES (273) ALBERTALES (273) ALBERTALES (273) ALBERTALES (273) ALBERTALES (274) ALBERTALES, Mayer Int. (274) Red (274) ALBERTALES, MAYER (274) ALB

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Dets based on those Companies custed on these Deta based on those Companies quoted on the Landon Shere Service.

predatory mood. The latter

Ladbroke remained friendless, declining 7 to 144p in a second consecutive day's huge

to Northern Foods, off 11 at 212p, and Tate and Lyle, 5 adrift at 401p. attempted to mend fences yesterday over the share sale by one director and concerns over Argyll's decision to deprecithe dividend. However, leisure

ate its store values hit other analysts said that investors supermarket groups. Asda lost remain nervous over what is 2 at 50p, Tesco 5 at 1931/2p and J perceived as the group's "bun-Sainsbury the same at 404p. Granada improved 14 to 489p A top slice recommendation, believed to be by Smith New Court, was said to be behind on speculation that LWT, a rumoured bid target of the

2445.5

the 17 fall in P&O to 610p. Heavy buying pushed Abbey National up 13 to 437p on 8.4m traded, while TSB, the next of the big banks to report closed 7 higher at 228p with turnover reaching a massive 17m shares. Standard Chartered jumped 33 to 1110p, although there were

stock was imminent. Fine china group Royal Doulton began trading in the market following the demerger from Pearson and some 23m shares changed hands. Dealers said the shares were initially offered at around 212p, began ham Stanley at NatWest Secu-rities blamed the low NAV on trading at 193p and closed at

Pearson was marked down by 21p as, under the terms of the demerger, each shareholder receives one Royal Doulton share for every 10 Pearson shares. Ex Doulton the shares closed 3 higher at 597p.

Heywood Williams jumped 40 to a peak 384p on the back a US acquisition, financed by a £55m rights issue. MARKET REPORTERS:

Christopher Price, Peter John,

M Other statistics, Page 19

hoisted to above the £450m performer in the FT-SE 100, **EQUITY FUTURES AND OPTIONS TRADING**

Futures continued to show very high turnover and a healthy premium to the cash market in spite of yesterday's markets, writes Peter John.

The December Footsie the deal and that had futures contract opened at 3,262, some 3 points above combined with the general the previous close, and leapt rush to get into the market. to a high of 3,277.

M FT-RE 100 INDEX FUTURIES (UFFE) 025 per full index point Open Sett price Chango Est, voi Open int. -16.0 #15.0 -16.0 3243.0 3262.6 3277.0 3230.O 22045 8249 61913 3 FT-8E 100 INDEX OPTION (UFFE) (*3226) £10 per full index point

Came 12,622 Purs 14,265 M SURO STYLE FT-SE 100 INDEX OPTION (LIFFE) \$10 per full index point

1758 85

158 96

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FI - SE Actuaries Share Indices

FT-SE 100

1 CAPITAL GOODS(214) 2 Building Materials(28) 3 Contracting, Construction(29) 4 Electricals(15)

10 Other Industrials/19)

21 CONSUMER GROUP(230)

Packaging and Paper201 Stores(37)

40 OTHER GROUPS(144)

48 MasceSaneCus(32)

43 INDUSTRIAL GROUP(506)

59 "500" SHARE INDEX(614)

6: FINANCIAL GROUP(91)

?1 Investment Trusta !13

Hourly movements

Time of FT-SE 100 High 8-53am Lose 4 30pm

FT-SE-M-0 250 FT-SE-A 250

Open 9.00

■ FT-SE Actuaries 350 Industry baskets

Banks(9)
Insurance (Life)(6)
Insurance (Composite)(7)
Insurance Bookers (0)
Marchant Banks(6)

Dealers said much of the essure eased and, also, Institutions reversed put pottor rise sprang from a £300m deals made earlier in the investment last week in equities following the launch month as protection against of new Lloyd Investment trusts. They said one securities house changes in advance corporation tax. The Decembe had bought futures to hedge contract closed near the day's

low at 3.243. However, turnover of 19,822 contracts was exceptionally high once again and Decemb baded well above estimated fair value. The premium is estimated to be at par with the cash market or even a small discount during the current account and it was 20 coints over by the close.

Equally, volume of more than 86,000 lots in traded options waa down on Wednesday's level but atili well above average. Hanson, which announced disappointing full-veer results vesterday topped the list of stock optio with 4,332 lots dealt. Banks were also in demand

as the underlying stocks moved higher. The largest single deal was in Barclays. where 2.000 March 600 put options were sold a equivalent of 21p a bullish trade. The U

п	ASDA Groupt Abbey National† Albert Faher Alled-Lyons† Anglan Water† Argos Arma Ground	15.000 9.500	50 437 65 617 555 369 289 289 261 517 618 135 409 646 235 229 468	-21g
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	Anglan Water	1,700	555	さんないないないないないないないないないないないないないないないないないないない
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9	Ass. Brit. Ports	618	845	-
•	BAT Inde.†	6,700	618	-732
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_	BOC	834	646	+4
er	875 Inde.	6.100	200	+10
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	BIRT	18,000	381	را لايد ما در
	Berciale,	9.200	614	-1
	Blue Circle†	2,900	341	- 10
	Booker Tooler	367	500 847	- 15
	Bownter't	1,800	466	-10
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8.98 1535,38	Manusia
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TRADITIONAL OPTIONS 3-month call rate indications are shown in Saturday editions. Calix: Avesco, Britron, Govett, Hanson Wis., Lovell (Y.J), Minmet, NHL, Rhino, Signet, Telemetrix, Trafelgar House, Wellman. Puts: Avesco, Britton, Govett, Sho-prita. Put & Cali: Trefelgar House

LONDON EQUITIES RISES AND FALLS YESTERDAY

Other Fixed Interest Commercial, industrial CH & Gas 790 1634

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	Amt	Mic.				Close					
price	pold	cap .	106	19		price		Net	Dlv.	Gra	P/E
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FINANCIAL TIMES EQUITY INDICES

	Dec 2	Dec 1	Nov 30	Nov 29	Nov 26	Yr ago	"High	"Low
Ordinary share	2445.5	2457.2	2418.5	2395.8	2369.3	2091.7	2457.2	2124
Ord. div. yield	3.79	3,78	3.84	3.88	3.93	4.42	4.62	3.78
Earn. yld. % lull	4.37				4.52	6.08	6.38	4.37
P/E ratto net	28.74				27.75	21,12	28.74	19.40
P/E ratio ng	26.69	26.56	26.32	26.07	25.73	19.44	26.69	18.14
Gold Mines	237.8	227.0	225.1	230.9	235.0	71.4	249.6	60.0
"For 1993, Ordinary Gold Wines rades at	shore indi	in since d Aution high	om plation r 734,7 19	high 245 5/2/83 - lo	7.2 1/12/90 = 43.5 26	3, low 49,4 /10/71	26/6/40	00.0

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		2.00 13.0		,	3.00 High	Low
2458.1 2473.1 2462.3	2464.3 24	98.7 245 8 .	8 2458.0	2451,4 244	7.5 2476.1	2445.5
	Dec 2	Dec 1	Nov 36	Nov 29	Nov 26	Yr ago
SEAO bargains	44,612	48,745	28,165	31,797	34,313	25,783
Equity turnover (2m)†	-	2797.5	1284.4	1526.4	1526.1	1497.9
Equity bergainst		52,684	31,245	35.566	39,518	31,737
Shares traded (mi)†		956.1	475.0	605.1	651.2	615.3
y Expluding Intra-market bu	Stříbbě áná a	чегиния ішти	THOS			

LONDON SHARE SERVICE | Michigan | Michiga Ress (Ress) (Res 新名の2018 1957年 1957年 1957年 1958年 1957年 1 90年4年6月777日 東京 1985年 1 Committee (18,404)
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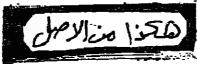
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Group Rand | 133.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103.0 | 103. | To block the Country | To block | 5,000 | To block the May | 34,444 | To block the M 0424 682266 Panegement (CP) Ltd 717713 Others Finds | 158.5 | 0 Hearth Financial Management PLC 4-14 Mount Sect. Technique 2009 | 0892,519816 | Second Prints | 1.56 | 1.51 | 1.52 | 1.53 | 1.54 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 | 1.55 9292 NOTHING ant 146 **OFFSHORE AND** 1713 2173 2093 2019 Poyal Bank of Canada Offshore Fd Mors Ltd 90 But 246, St Peter Poyl, Gomesey 093 1725021 CHESCAS ASSESSED.

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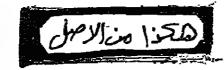
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Bundesbank leads way

The Bundesbank set off a round of minor interest-rate cuts around Europe yesterday by setting its repurchase rate at 6 per cent for the next five weeks, writes Rachel Johnson.

It cut the repo rate by 25 basis points after its regular fortnightly council meeting but left its two main rates, the Lombard and the discount. unchanged at 6.75 per cent and 5.75 per cent respectively. Central bank officials indi-

cated this could be the first time that the Bundeshank had would offer fixed interest rate repos to the market for such a long period. The move was acclaimed by

economists as cleverly defus-ing pressure from other coun-- France in particular to cut rates. For it sent enough of a trigger to the markets to allow the authorities to shave rates even though the Germans had left their main rates unchanged. As the bank tends to leave a differential of around 30 - 40 basis points between the discount and repo rates, yesterday's cut narrows this gap to only 25 basis points, making a cut in the discount rate more likely than a further cut in the repo rate.

 Although France had not moved its own rates in response yesterday, this was largely because its next tender was not until Monday. Economists generally expected the high yielders such as Italy and Spain to be the last to move. Miss Alison Cottrell, cur-

rency analyst at Midland Global Markets, the securities house, greeted the bank's operations as "psychologically beneficial for all sides". "This move will allow other

"core" Europeans to ease their own market – and in some cases – interest rates," she

 The Dutch central bank cut its official interest rates by 25 basis points and its special advances rate by 20 basis points, citing falling interest rates and the strength of the

 The Belgian central bank said it had cut all its leading interest rates in line with rate cuts in other European counper i

93.52 94.36 34.94 95.24

MONTH EURODOLLAR (LEFE)* 51m points of 100%

0.02 0.03 0.03 0.03

High 96.53 96.39 96.10 95.81

Dec Mar Jun Sep

Against Sterling (DM per 2) 2.50 2.53

- Prev. close -1 4780 1 4756 1 4713 1 4687 discount rate to 5.25 per cent from 5% per cent and the emer-

gency lending rate to 111/2 per

cent from 12 per cent.

Market reaction to the moves centred on speculation as to whether the Bundesbank would be more or less likely to cut rates on December 16, its next council meeting. Miss Cottrell believes that if the M3 number shows ample slowdown in the growth of broad money, this will encourage the bank to take the bull by the horns on December 16. After all, she pointed out, if the fundamentals had not supported a rate cut the authorities would not have acted today. The bank risked a "speculative hell" on January 6 when normal meetings resumed unless it did

something earlier, she said.

• The only risk to this plan, however, is on the large scale. If the world trade talks collapse or fall to conclude successfully by the December 15 deadline, then currencles would be dancing to a very different tune than they are now. The talks have reached a delicate stage. The major players are both stressing the need for one more heave and taking criticism from their counterparts for holding up progress and refusing to compromise. in Bonn, Mr Helmut Kohl, the German chancellor and Mr François Mitterrand, the

French president, said they

Est, vol Open Int. 33,861 67,852 35,960 89,821 9,253 51,814 5,409 35,451

under the General Agreement on Tariffs and Trade by the

 Currencies had a quiet day despite the moves. There was a iull between the Budget on Tuesday and today's US nonform payroll figures for December, on which the dollar's strength is expected to hinge. Mr Jim O'Neill, the chief currency strategist at Swiss Bank Corporation, said it was a clas-sic December week. "Virtually all the data has been supportive of the dollar but the cur-rency has not done much more than creep higher over the last 48 hours," he said.

• The big tussle on the currency markets was one of "domination" between the Swiss franc - which has benefited from strong evidence of the Swiss emergence from deep recession - and the dollar. The Swiss franc ended a touch stronger against the mark. In London, the dollar rose to DM1.7215, after a precious close of DM1.7175, and ended a little higher against the Swiss franc at SFr1.4965, after a pre-

For after a short burst of strength following the European rate cuts, the dollar fell back to wait for the employment data. The market is expecting a jump of about 177,000 in the non-farm payrolls in November to add to mounting evidence of a broad-based consumer-led recovery. sistent with a double-digit increase in consumer confidence last month, and there are rising hopes for a 4 per for the fourth quarter.

dicted a sizeable shortage of 22.65bn which it relieved almost fully during the day's operations - with rounds of £392m, £1.51bn, and £1.85bn taking its total help to £2.52bn. • The escudo is unlikely to react to yesterday's government reshuffle, in which Mr Eduardo Catroga replaced Mr Jorge Braga de Macedo as finance minister. Dealers are attributing the stronger escudo

On the London money mar-

ket the Bank of England pre-

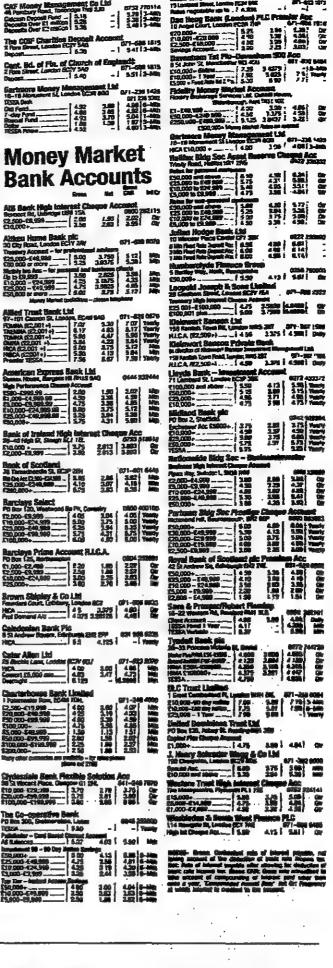
Dec 2		Closing	Change	Blo/offer	Day's		Ode mo		Three m		One y		Bank o
		mid-point	on day	spread	algh	law	Rate	96PA	Rate	%PA	Rate	76474	Eng. Indi
Europe													114
Austria	(Sch)	17.96	+0.025	790 - 900	18.00		17.9574	مَه- ر	17.9656				
Bekskum	(DFI)	53.85	-0.1	366 - 360	53.90	63.65	53,975		54.12	-20	54,565		
Denmark	(DIG)	10 . 0775	+0,0175	725 - 825	10.0825		10.1085	-35	10.145	-27	10.243	-1.7	
Finland.	(FM)			070 - 080		6.5060							79. 107.
France	(FFr)	8.7976		926 - 02 5		8.7685	8.8107		8.8264		8.8493		124
Germany	(DM)			BUO - 560		2.6430	2556	-1.2	2.558	-0.9	2.5553	-0.1	147
Greece	(Dr)	386.70		565 - 575		386.30	-	-					102
iretand	(80)	1.0525		520 - 530	1.0530		1.0536	-1.3	1.0552		1.0595		
italy	(1)			625 - 626	2567 <i>.2</i> 6		2564.5	-4.1					
Linerabourg	(LFr)	53.85		380 - 390	53.90		51,975	-2.6	64.12	-20	54.565		
Netherlands	(FI)	2,8600		660 - 650	2.8850		2.882	-0.9	2.863	-0.4	2.8621		
Narway	(AUG)	11.0776	+0.025	725 - 825	11.0650		17.0843		11.0815	-0.1	11.075		85
Portugui	(G)	260,50	+0.5	000 - 100		260.00	261.96	-6.7	264,415	-6.0			
Spaln	Plai	210.30	+1.55	015 - 045	210.50	208.65	211.12			-39	217.265		
Sweden	(SNO)	12.5500	+0.01	450 - 550	12,6040	124510	12.578	-27	12.6115	-2.0	12.7375		72
Switzerland	(SFr)	22176	+0.0025	125 - 225	2.2225	22125	2.2165	0.5	22129	8.0	2,1913	1.2	
LIK .	(2)	-	-	-	-	-	-	-	-	-	-	-	81
Ecu	-	1.3275	+0.004	270 - 110	1,3290	1,3230	1.3296	-1.0	1.3321	-1.4	1,3379	-0.8	
SDR†	-	0.9366	-	-	-	-	-	-	-	-	-	-	
Americas													
ivgentinu	(Pesci	1.4786	+0.001	700 - 700	1.4900	1.4745	-	-	-	-	-	•	
Prozii	(Cr)	359.05	+4,94	900 - 916	380.00	353.00		-	-	-	-	-	
Conada	(CS)	1.9720	-0.0005	715 - 725	1,9800	1.9665	1.9697	1.4	1,9858	1.3	1.9613	0.5	91.
Mendeo (New	r Pesci	4.5970	40,0005	952 - 990	4.5995	4.5865	-	-	-	-	-	-	
JSA	(5)	1.4005	+0.003	220 - 230	1.4835	1,4775	1,4802	1.9	1,4759	1.8	1.4625	1.3	67.
Pacific/Mildeli	Esst/	Milga											
lustralla	(AS)	2.2310	-0.018	S00 - 320	2,2450	2.2270	2 <u>22</u> 97	0.7	2,2278	0.6	2.2253	0.3	
tong Kong	E-IICS	11,4450	+0.008	445 - 455	11,4585	11.4120	11,4289	1.7	11.3951	1.7	11.3113	1.2	
ndia	(Flair	48,45	-0.06	640 - 650	46,50	46.35	-	-	-			-	
lszen	m	161.26		Q75 - 175	161.75	160.20	160.8	3.3	159,955	32	155,935	33	181
dolovska	0.453	3,7895		890 - 900	3.7935	3.7790	-		-	-	-	-	
iew Zealand	NZS	2,7065		DAG = 070	2,7075	2,7000	2.7065	-0.4	2,7073	-03	2,7189	-0.5	
?ndicines	(Peacl	4136		180 - 190	41,90	41.75	-						
Sauch Avenue	(इस)	5,5575		570 - 550		5.5420	_		-	-	_	-	
ingspore	(56)	2.365		680 - ~~	2.3720	2.3540	_	_	_	_	_	_	
		4.9015		905 - 5		4.9725						_	
Africa (Com.		6.5865		780 - Star		8.5570		_	_	_	_	_	
Affice (Fin.)	(FI)	1198.90		870 - 910	1200.15			_			-	_	
DUST FARMS	(Mon)			970 - 910	39.90	39.75		-	- :				
Observed.	(75)	39.66			37.75	37.80		- 1		_	-	_	
halland	(84)	37.70 oller spreak		765 - 775			-	-	_	-	-	-	

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		mid-point	OD COM	abr	ead	high	lgw	Rate	%PA	Rate	%PA	Rete	#PA	cyges ,
mobe														
untrio .	Sco	12,1000	+0,0025			12,1325		12,1297	-2.5	12.1767	-2,4	12.299		+16.6
alghum	(EFr)	36.35	+0.05			36.40	36.25	36.49	-4.6	36.7	-30	37.315	-	-0.9
enmark	(DIKI)	6.7976	AND DESCRIPTIONS			6,6100		6.8277	-5.3	8.075	-4.6	7.0045		+9.5
nland	(F)46	5.8095	-0,0105			5.8595	5.8115	5.825	-3.9	5.8496	-2.8	3.8145		
rance	(TT)	5.9350	+0.0025			5.9490	5.8240	5,0902	-3.7	6.9822	-3.2	8.0465		-7.5
emany	(ID)	1.7215	+0.004			1.7265	1.7185	1.725	-3.0	1.733	-2.7	1.7488		+32.7
reece	(Dr)	246.850	+0.15			247.20	246.80	251.15		253.35		294,85		
sland	(82)	1.4075	-0.0075			1,4130	1,4050	1.4035	3.4	1.2572	2.9	1.370	2.0	-
ally	_ (1)	1724.00		375		1729.50		1732.6	-6.0	1747.75	-5.5	1806		-36.
xembourg	OT-U	36.35	+0.05			36.40	36.25	36.49	-4.6	30.7	-3.9	37.315		-0.
otherizade	(13)	1.02290	A0.0025			1.9335	1,9265	1,9333	-2.7	1,94	-2.3	1.955		+21,
CUMBA	940)	7.4725	+0.0075			7,4900	7,4625	7,4867	-21	7.508\$	-1.9	7.5725	-1.3	-17,
mb.ga	(Ca)	175.65		580		170.20	175.70	177.08	-8,4	176.25	-7.8	187.3	~6.5	
pain		141.90		185		162.00	140.95	142.675	-6.6	162.05	-5.8	748.55	-4-	-34
-	(SKI)	8,4650	-0.005			8.5290	\$.A140	8,4972	-4.6	8.5462	-3.8	8.705	-28	-39
Mizarland	(SFr)	1,4965	+0.0005			1,5010	1,4945	1,4961	-1.3	1,5003	-1.0	1.4982	-0.1	+24
K.	(2)	1.4825	+0.002			1.4835	1,4775	1,4802	1.9	1,4750	1.8	1,4828	1.3	-27.
a)	-	1.1175	-0.002	170	180	1,1185	1.1140	1,114	3.6	1.1085	3.2	1.0944	2.1	
ORt P	-	1:3516	-			-		-	-	-		-	-	
narices														
gentina	(Peso)	0.9960		975		0.9385	0.9975	•	-	-	-	-	-	
32 1	(Cr)	342,350	+3.17	230 ·		242.50	242.20	-	-	-			•	
made	(CI)	1,3306		300 -		1.3365	1.3295	1.331	-0.5	1.3325	-0.6	1.3407		-11.
exico (New	Post	3,1030		015 -	045	3.1045	3,1015	3.1047	-0.7	3.100	-0.7	3.123	-0.6	
5A	(3)				,			-	-			-	•	-9.
cific/Middle		Arion												
stralia	(A\$)	1,5080	-0.013	055 -	055	1,5100	1.5030	1,5074	-1.2	1.5108	-1.3	1.5184	-0.8	-47.
ong Kong	(FIRS)	7.7255	+0.001	æ0 -	1/00	7.7260	7,7240	7.7262	-0.1	7.727	-0.1	7.7355	-0,1	
S a	(Pa)	31,3700	-	675 -	725	11,3725	31,3860	31,455	-3.3	31.66	-3.7	-		
חבם	m	100.75	+0.1	870	680	106.90	108.35	106.515	1.5	108.35	1.4	106.575	2.0	+121,
alayana anayana	13450	2.5580	+0.001	575	565	2.6805	2.5570	2.561	-1,4	2.573	-23	2,816	-23	
w Zealand	NZS)	1,5260	0.0025			1,8300	1.8235	1,8289	-0.6	V 8234	-0.7	1.8369	-0.5	
	Pesol	28.25		820 -		28.50	20.15		-		-		4	
LIGON Ibus	ISA	3,7610		505 -		1.7515	3,7505	3,758	-22	≥768	-1.9	3.769	~1.0	
Matoria	(35)	1.5990		INS -		1,8010	1.5985	1.388	0.8	1,5977	0.3	1,5856	02	
Africa (Com.)	(R)	3.3695		ES :		1.3010	3.3615	3.387	-82	1,415	-64	2,5136	-49	
Africa (Fin.)	(Pi	4.4450		400 -		4.4550	4,4325	4,477	-8.6	4.539	-9.5			
	Moni	000.25		IIIO -		B002.40	808.20	812.25	-4.4	615.75	-32	201.25	-3.1	
	4	26.90		-	-	26.95	26.85	26,985	-29	27,106	-30	03449	~0.1	
wan aland	(12)	25.45		685 - 540 -		25.50	25.40	25,485	-0.7	25,495	-0.7	25.76	_	

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Beigkum Derenark	(BFr (DKr	53.40	18.72	8.729	4.741 2.533	1.045	2536	5.311 2.837	10,95	258.5	208.6	12.45	2.200	1.857 0.992	1.966	1.471	160.0	1.317	Ireland	0.809628	0.792833	+0,001509	-1,94	5,44	-
France Germany	(DM	21,00	11.48 3.948	3,446	2.902 1	1.197 0.412	2905 1001	3.251 1.120	4.340	296.2 102.3	239.0 E2.37	14,26 A,916	2.521 0.869	1.137 0.392	0.772	1.696 9.561	103.2 85.16	0.520	Netherlands Germany	1.94984	2.15677 1.92329	+0.00099	-1.82 -1.36	4.31 3.62	13
ireland Italy	(IE	2.107	9.573	8.356 0.344	2.426 0.100	1 0.041	2427	2.716 0.112	10.52 0.433	247.6 10.20	199.7 8.228	11.92 0.431	2.108 0.067	0.950 0.039	1.673 0.077	0.008	153.2 6.311	1.261 9.052	Beiglum France	40.2123 6.53883	40.5621 6.63033	+0.0249 -0.00788	1,40	1,48	-17 -13
Netherlands Morway	(FT (NK)		3 524 9.097	3.078 7.940	0.883 2.304	0.36 8 0.950	893.7 2307	1 2.5 8 1	3.874 10	91.12 23 6 2	73.53 189.8	11.33	0.776 2.002	0.903	1.780	0.519 1.338	54.40 145.6	0.464	Portugal Denmark	192,854 7,43679	198.511 7.50589	-0.038 -0.00621	1.90 2.14	9.51 9.27	-13 -15
Portugal Spain	(Es		3.868 4.793	3.376	0.850	0.404	980.8 1215	1.097	4.252 5.268	100. 123.9	80.70 100.	4.516	0.851	0.354 6.476	0.757 0.938	0.569	81.90 71.70	0.510	Spain	154.250	157.978	+0.244	2.42	0.00	-17
Sweden Switzerland	(SKr		6.032 4.545	7.010 3.967	2.034	0.839	2037 1152	2.279	8.829 4.996	207.6	167.6	10 5,6 58	1.767	0.797	7.571 0.889	1.182 0.669	128.5	1.058	NON ERM &	MEMBERS 264 513	276.003	+0.198	4.36	-1.86	_
UK Canada	(CS	53.85	10.08	8.798 4.461	2.553 1.295	1.053	2656 1296	2.880	11.06 5516	260.6 132.2	210.3	12.55 6.364	2.218 1.126	0.507	1.972	1.493	161.3 81.80	1.328	italy UK	1793.19 0.786749	1920.82 0.754721	+1.78	7.12 -4.07	6.76	-
UB	(S)	35.31	6.797 62,49	5.933 54.54	1.722	0//10 6.528	1724 15846	1.929	7.471 88.69	175.7 1816	141.8	77,81	13.75	0.874	1,330 17,23	1 9.194	100.8	0.806 8.233	Eco curtiral rate	os set by the G	ropean Commis	stort. Gurrendie	s are in deader	nding relative s	
Jepen Boj		40 65	7.580	6.625	1 922	0.793	1025	2 154	8.343	196.2	158.4	9.450	1.670	0.700	1.465	1.117	121.5	1	fato between t	iwo spreads. Thi and the massim	har becaused be	meuco payweel	n idoo acikalii mi	erket and Eau o	الخثنا أدائده
Yen per 1.000;					angrafid :	Setruction has	war per 1	10, Salgust			ind Piseti i VIIII sti		(IMM) Yen	59 E au	Yen 100				Ecu central rub	0.	n suspended ho				
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Jun Sep		-	-	-			=	-	Juri Beo		-	9.92.70	-	-		.10	-	***	1,400	7.89 5.46	7.86 5.74	80.08 07.38	0.07 0.08	0.19 0.51	1,13
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II LUBOR F	Y London										_	Sett price		High			st vol	Open Int.	Dec	-	tprice Charg		Low 94.63	Est. vol 15002	Open int. 85842
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Bankers Trust, 6 Mid rates are of	Sami of Tok Your for th	yu, Barckay o demostre	and Natio Money Ran	nai Wasan rs. US \$ 0	inster On and S	IDR Linked	Deposés	(C) es	M TH		MTH EU	RODOLL	AR IMME	\$1m por High			aL vol	Open int.	Price 9450	Died IXTS	Mur 0,40	Jun 0.58	Dec 0.01	Mor 0.08	Jun 0.08
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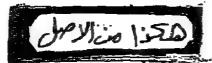
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AMERICA

Dow eases ahead of employment figures

Wall Street

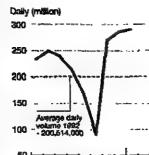
US share prices edged lower yesterday morning ahead of today's report on November employment, writes Frank McGurty in New York.

At 1 pm, the Dow Jones industrial Average was down 2.79 to 3,694.29, while the more broadly based Standard & Poor's 500 was up 0.19 to 462.08. In the secondary markets, the American SE composite slipped 0.13 to 462.64, and the Nasdao composite was off 0.24 at 763.57. Trading volume on the NYSE was 148m shares by

A batch of second-tier economic figures, which were gen-erally in line with forecasts, set a positive tone for early trading. The commerce department said personal income rose 0.6 per cent from September to October on a seasonally adjusted basis, while personal consumption climbed 0.8 per cent. Initial claims for state unemployment benefit last week showed a modest decline.

Conversely, sales of new homes in October dipped 6.5 per cent from the previous month, and the September figure was revised downward. However, the fresh economic data left little impression.

downturn in the US Treasury market. By midday, the benchmark 30-year government issue was down & at 99% amid speculation that the Clinton administration may support an increase in short-term interest rates early next year if the economy improves.



The next important readings on the economy's strength are due today, when the government issues November employment data and October's leading indicators. Both are expected to show moderate

18 19 22 23 24 26 29 30 1 2

With the release of November sales figures by the big

were among the most actively

Among the losers was The Limited, which posted a 7 per cent decline in same-store sales. The stock plunged \$3% to \$18 as its rating was lowered. by at least two securities houses. Sears slipped \$% to \$54% even though it posted good sales figures.

Among the gainers were JC Penney, up \$1/2 to \$54%, and The Gap, \$1/2 higher at \$40%. Semiconductor issues were hit by concern over a slowdown in orders. Texas Instruments lost \$1% to \$63%, and National Semiconductor dropped \$1 to \$15% in heavy Automotive stocks edged

higher, led by General Motors, un \$1/4 at \$53% Navistar International, the truck maker, dipped \$% to \$22, after posting net income of \$22m for its fourth quarter.

TORONTO stocks were relatively flat at midday after falling back from earlier gains in sluggish trading.

The TSE 300 composite index was up 2.42 at 4.231.12 at midday in volume of 27.8m shares worth C\$323.9m.

ASIA PACIFIC

Hopes for economic boost spur 1.9% rise in Nikkei

Shares surged in the morning on reports of an additional stimulus package, but later lost half their gain on profittaking and position squaring, and the Nikkel average closed 1.9 per cent up, writes Emiko

Terazono in Tokyo. The 225-issue average added 333.44 at 17.458.75. The Topix index put on 21.25, or 1.5 per cent, at 1,465.12, but in London the ISE/Nikkel 50 index eased

0.25 to 1.180.12. The Nikkel declined to a low for the day of 17,073.81 in early trading, but later jumped to a high of 17,887.29 on reports that the government would announce an emergency stimulus package containing an income tax cut and relaxation of land transaction taxes. Reports that Mr Masayoshi Takemura, the chief cabinet secretary, had hinted on a cut in the official discount rate also encouraged investors.

investment trust funds and companies were seen actively buying shares. However, the raily lost steam as Mr Takementioned a rate cut, and a fall in the futures market in the afternoon prompted arbitrage selling and profit-taking.

Volume expanded to 470m shares from 358m, while rises led fulls by 952 to 120, with 62 issues unchanged.

Mr Jiro Saito, vice-minister of finance, denied that the govermnent had played a role in the rebound of stock prices. Local newspapers have been suggesting that the government was trying to prop up the market by ordering life assur-

An official meeting between Mr Setsuya Tabuchi, former chairman of Nomura Securities, and Mr Morihico Hosokawa, the prime minister, on plunged to a year's low, is also believed to have been staged

NATIONAL AND REGIONAL MARKETS

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FT-ACTUARIES WORLD INDICES

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by government officials in order to revive confidence.

In spite of the overall rise, some bank shares were weak. The Nikkei banking index rose only 1.3 per cent, with Industrial bank of Japan down Y40 to Y2,820 and Dai-Ichi Kangyo Bank off Y30 at Y1,940, Gainers included Fuji Bank, up Y50 at Y1.950, and Sakura Bank, Y20 ahead at Y1,480.

East Japan Railway firmed Y8.000 to Y435,000 and Nippon Telegraph and Telephone gained Y12,000 at Y741,000. In Osaka, the OSE average advanced 479.59 to 19,456.59 in volume of 32.7m shares.

Roundup

The Pacific Basin region was generally firmer yesterday. HONG KONG finished slightly lower as sharp early gains were erased after Governor Chris Patten announced

the introduction of a partial bill on his controversial electoral reform package. The Hang Seng index closed 15.83 easier at 9,238.20, having been 113 points ahead in the morning and 88 points up at midsession. Turnover dipped to

December futures slid to a low for the day of 9,150 after the Patten speech, but recov-ored slightly to finish a net 170

HK\$5.14bn from Wednesday's

TAIWAN was lifted by a wave of strong buying just before the close, and the market ended 25 per cent higher after hectic trade, extending Wednesday's gain of 2.6 per

The market index moved ahead 110.90 to end at its intraday peak of 4,579.24, the highest finish since May 13. Turnover increased to T\$60.53bn. the beaviest since April.

Pulp and paper stocks led the advance on expectations slumped this year, will recover on firmer product prices pext

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Sparity completed by The Financial Timin Ltd., Celebran, Sacho & Co. and MatWest Securities U.d. in conjunction with the Institute of Actuates and the Faculty of Actuates

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year. Chung Hwa Pulp closed the day's limit up at T\$21.40. KUALA LUMPUR saw the day's highs eroded by late profit-taking, although the composite index still ended 2.09 ahead at a new closing neak of 1.017.51. Volume rose to 693.3m shares from the pre-

vious day's 601.5m. SINGAPORE was spurred to a record close by foreign insti-tutional buying, the Straits Times industrial index adding 25.24 at 2,131.25.

Early Japanese institutional buying set the mood for the market's advance in the morning, but later trading was subdued by profit-taking.

AUSTRALIA rose strongly, encouraged by gains elsewhere in the region. The Ali Ordinaries index climbed 41.9, or 2.1 per cent, to 2,047.3. Turnover amounted to A\$557.4m.

More heavy trading in the shares of Goodman Fielder, the food group, led to speculation that someone may be amassing a stake, writes Nikki Tait in Sydney. The stock closed 6 cents higher at A\$1.68 in volume of 11m shares and has now gained almost 10 per cent.

SEOUL closed near to the 800 level on across the board selling. The composite index shed 7.58 to 801.17. Turnover totalled Won682.9hn

Posco, the steel group, saw the day's heaviest volume with 2.2m shares changing hands. and rose to a day's high of Won37.800 before closing unchanged at Won36,500.

MANILA advanced strongly,

with the composite index rising 72.13 to 2,395.89 in turnover of 1.1bn pesos.

Philippine Long Distance Telephone appreciated 20 pesos to 1.755 pesos and PT & T 1 peso to 9.40 pesos. NEW ZEALAND was again

boosted by demand for forestry issues, which left the NZSE-10 capital index 38.78, or 1.9 per cent, higher at 2.079.30 in

Frankfurt and Zurich set record highs

Germany and Switzerland were in record territory, writes Our

FRANKFURT slipped back after the Bundesbank announced that it was not making a cut in the discount rate but, supported by other factors including the stronger dollar, ended the day at a

The DAX index closed 20.65 higher at 2,110.53 after a high of 2,115.64 and a low of 2,104.05. Turnover was strong at

Mr Patrick Shields at Nat-West Securities commented that the Bundesbank had signailed, by setting the repo rate at 6 per cent until January. that there would be no further move on interest rates until In the market he noted activ-

institutions taking positions ahead of the group's dividend oavment next week The strength of the dollar

ity in RWE, the shares adding

DM11 to DM488, with some

siped Daimler make DM9.50 to DM743.50, together with rumours that Airbus might be

The banking sector contin ued to make ground with Dreadner showing a 16 per cent increase in 10 month profits, the shares gaining DM1 to DM445; but Hypobank, which also announced good figures, slipped 30 pfg to DM480.50. Commerzbank added 05/2.50 to

DM370.50. ZURICH remained firm, although off its best levels, and the SMI index added 12.9 to a of 2,787.2, with Wednesday's better than expected economic data continuing to provide sup-

CS Holding, the most expan-sive of the Swiss banks, shed SFr65 to SFr3,600 as it declined comment on market rumours that it planned to take a stake in Commerzbank. Analysts were divided over the logic of such a move: they were cau tions about dismissing such a market rumour, but one commented that it would be a move away from the Swiss bank's core business.

Elektrowatt, part of the CS

FT-SE Actuaries Share indices 10.26 11.00 12.00 15.00 14.00 15.00 Close FT-SE Buretrack 106 1375.05 1376.27 1376.79 1376.91 1376.13 1372.30 1373.40 1374.18 FT-SE Buretrack 30) 1496.77 1496.18 1497.80 1496.83 1456.80 1454.83 1456.85 1466.87

Nov. 29 Nov. 30 1365 54 1344.70 1348.85 1343.12 1420.82 1417.23 1412.67 100 - CEPTUS 2001 Holding group, rose SFr25 to estimated at some FFr4bn SFr3,775, befiting from ana-

lysts' recommendations. Drug issues put in a strong performance. Ciba-Geigy advanced SFr10 to SFr837 and Sandoz put on SFr40 to SFr3,910. Roche certificates firmed SF170 to SF16,140 after the recent consolidation. Jelmoli, the retail group,

added SFr20 to SFr910 for a two day rise of 7.9 per cent. The shares have found favour after Wednesday's GDP figures indicated a pick-up in domestic consumption.

PARIS ended modestly firmer, with the CAC-40 index picking up 6.47 to 2,160.45, after a day's high of 2,170.49 and a low of 2,146.92. Turnover was

Carrefour shot ahead FFr32 to FFr3,882 on news that it had sold its 30 per cent stake in But, a furniture retailer, under terms worth about FFr538m. Canal Plus took an opposite

direction, shedding FFr46 to FFr1,250, on news that a decision on its licence renewal had been put back: a decision was expected to have been made early next week. Further disappointing car

sales news knocked FFr6 off Peugeot's shares, closing at

AMSTERNAM added 0.1 to the CBS Tendency index to close at 138.3. Better than expected results from ING helped the insurer gain 50

where in the sector Aegon lost Fl 1.60 to Fl 101.20. ABN Amro

added 50 cents to Fl 71.00. MILAN was higher, the Comit index adding 4.28 to 548.94, with volume inflated by Fiat switching its savings and privileged shares to a wholly owned subsidiary. The savings stock rose L22 to L2,020 in volume of 43m shares while the ordinary shares were L37 higher at L3,953.

Credito Italiano advanced L18 to L2,319: the privatisation price is scheduled to be announced tomorrow ahead of the start of the sale next week MADRID saw further solid gains before some late sell orders took prices off their best levels. The general index aded

2.27 to 300.81 in heavy turnover of Pta32.5bn. Ranks continued their recovery with BBV Pta100 higher at ahead at Pta6,580. Among electricals. Iberdrola put on Pta14 to Pta950 in volume of 3.7m.

Written and edited by John Pitt

Foreigners take driving seat in Stockholm

Christopher Brown-Humes says the market has hit a rocky patch after its earlier surge

market registering a 50 per cent gain this year was always likely to hit a rocky patch, so there should be little surprise at what has happened in Sweden during the last month. Shares have fallen by 6 per cent with daily trading showing considerable volatility, although the Affärsvärlden index picked up 3.5 yesterday to 1.345.5.

For many observers this is an overdue consolidation, after a year of steadily rising share prices. Others believe it could be a sign of a more fundamen-tal weakening which could last well into next year.

The turbulence indicates that Stockholm will have to get used to greater volatility, now that the proportion of shares held by foreign owners has risen to around 25 per cent. from just 10 per cent at the end

As many Swedish institutions are long term holders, selling and buying of Swedish shares by foreigners has become a key to whether prices rise or fall.

The weight of foreign buying and the fall in interest rates are the main factors to have driven equity prices higher this year. In the first 10 months foreigners were net buyers of SKr28.3bn (\$3.3bn) worth of Swedish shares and they accounted for 28 per cent of the trading volume in Stock-holm. In the same 1992 period foreign net buying amounted eign element of turnover was 18.5 per cent.

ers are now steering the price of Swedish shares to a much greater extent came several eeks ago, after a collapse in the price of Ericsson, the telecommunications group.

The fall was triggered by beavy selling in New York, when it emerged that full-year profits would not reach the dizzy heights expected by some Since then, Ericsson, which

accounts for some 10 per cent

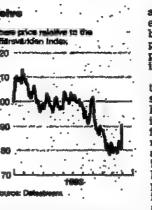
SOUTH AFRICA Gold stocks continued their

sevance, with the index closing 79 points stronger at 1,937. The industrial index added 59 at 4,926 and the overall index 64 at 4,273. South African Breweries was actively traded

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has	see	n	its	sha	res	fall	by	15
per	CEI	ıt	to	SKi	355	at	yest	81-
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A	CCO	rdi	ing	ĈΟ	Mr	Lei	r v	in-

devag, head of research at the Stockholm exchange "Ericsson reappraisal of the Swedish market, where many felt that prices had risen too much. However, the market's turbulent performance also reflects broader international concerns, particularly the outlook for US interest rates, as well as specifically domestic issues such as Volvo's controversial plans to merge its car and

truck operations with Renault Volvo's shares rose by a cumulative 17.1 per cent over the last three trading days as opposition to the merger grew and institutional inves tors began to throw their weight against it. The shares, traded as ADRs in the US,



surged by 11.9 per cent in early trading last night in immediate reaction to news that Mr Pehr Gyllenhammar and four other board members had quit, and that the merger was off, before easing back to stand \$3 higher

afflicting Swedish stocks, the engineering sector has fallen. by 11 per cent, forestry by 3 per cent, pharmaceuticals by 7 per cent and the banks and insurance sector by 8 per cent. A number of factors suggest the downturn may be short-lived. They include the likelihood that short-term interest rates will continue to

fall, and the prospects for much improved profitability among the big exporters dur-ing 1994. Domestic buyers at least should be in plentiful supply as a result of changes to individual pensions legislation and reforms which will halve the capital gains tax on equis and scrap taxes on dividends from Swedish companies for domestic residents from

January But analysis are divided over where the market is heading. Mr Joe Rooney, European

Brothers in London, expects the market to pick up momentum again, against a background of continued falling short-term interest rates and a likely strengthening of the

ut Mr Richard Davidson. European equity Son. European strategist at Morgan Stanley in London is bearish. He cites political worries which may well see the return of a Social Democrat government, and concern over the size of the country's borrowing requirement, which is close to 16 per cent of GNP. He also believes the market is overvalued on fundamentals. Mr Davidson predicts a further 10 per cent fall in the market over the next three months and a flat performance over the com-

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Previous recessions were like a broken limb, and Japan quickly recovered. But this one is like a disorder of the circulation, which takes longer to cure. The government's medicine has not yet revitalised the patient's system. William Dawkins reports

Potential for growth is diminished

A salutary message has surge in the yen suggests that dayned on Jepan's industrial industry might after all he only companies as they face, in 1993, their fourth consecutive year of profits decline. The message is that this recession, the worst for 20 years, is wider and deeper than other down-

turns, for several reasons. What used to be the two main growth sectors of Japan's industrial economy, cars and consumer electronics, are entering a probably longerthen-usual period of slow growth. Yet there is no obvious new growth industry to suc-

Secondly, this recession has exposed overcapacity that many leading companies suspacied was there during the previous downturn to 1986, but shich was then concealed by the fast rise in consumption - and industrial investment at the end of the 1980s.

They already knew that Japanese based manufacturing was being made uncompetitive by the yen's rise over the years. They had accordingly started to out costs and shift production overseas, first to the UK and continental Europe and then to the fast-growing industrial occurrates of south-

This year's unexpected fresh

industry might after all be only at the start of relocating production outside Japan, prompting fears of a so-called "hollowing out" of domestically-based industry.

How industry will respond to the shift in production and to the maturity of cars and electronics is the question now being discussed anxiously in Tokyo boardrooms. Companies used to look for guidance on big strategic issues like this to the Ministry of International Trade and Industry (Miti), the body which was mainly responsible for Japan's postwar success in spotting new growth industries to succeed

But today, Miti has no clear answers to these new challenges. Its officials argue that centralised industrial planning is unsuitable for the open market economy which Japan has become, and that the best Miti can do is to help industries to reflect on the future. For the first time, the private sector may have to find its own way to the next phase of industrial

Finally, previous recessions unlike this one, were triggered by external shocks, such as the 1973 oil price shock, or the rise



Tokyo: Japan's social contract of a job for itle in return for complete

in the value of the ven. abandoned its 3.3 per cent tar-

sparked by the 1985 Plaza accord to curb the appreciation of the dollar. Yet this recession is only partly related to the ven's con-

tinued rise. It also has internal causes such as companies' unwillingness to invest - in contrast with their tendency to increase capacity in previous recessions, in the hope of better times around the corner. This time, however, the bet-

ter times are proving slower to growth rate has fallen back for nearly four years running. industry will cut capital investment for the fourth consecutive year in 1994, according to a recent survey by the Long Term Credit Bank of Japan. Most economists think that

gross national product will stagnate or fall by a fraction of a percentage point this year - the first year-on-year fall since 1974 - after 1.5 per cent growth in 1992. Even the government's Economic Planning Agency, often criticised for

get for economic growth this

As one senior Japanese securities company executive puts it, previous recessions broke a limb, from which Japan quickly recovered, while this circulation, which takes longer to cure. The government's medicine, including interest rate cuts, and about Y30,000bn of pump-priming measures over the past 13 months, have not yet revitalised the patient's system. The one available measure not yet tried is an income tax cut, and that is likely early next year.

There were signs that the economy might pick up in the spring, but since then economists have steadily downgraded their forecasts as a stream of gloomy indicators have shown that spring was a false start. Industrial output is on the slide, down 5 per cent year-on-year in September, for the 24th month running, the longest decline on record.

One structural weakness

revealed by Japan's recession is the faltering supply of credit. Banks are still scarred by the collapse in asset prices that came with the start of the downturn, a problem high-lighted when Muramoto Construction, a medium-sized contractor, sought protection from its creditors early last month

with debts of Y590bn, Japan's

largest post-war financial col-

A sharp decline in loan growth which began three years ago shows no signs of easing. Officially, bad debts account for 3 per cent of the leading banks' loans, although the proportion rises to nearly 10 per cent if the more stringent US definition of what constitutes a bad loan is applied, says Ms Alicia Ogawa, invest-

Banks deny that they are being too cautious. There are clear signs that demand for credit is just as weak as supply, despite the Bank of Japan's decision to cut its offi-

ment analyst at Salomon

Brothers Asia, the securities

cial discount rate by threequarters of a percentage point in September to a record low of 1.75 per cent.

Corporate Japan has, as it usually does, reacted to its problems rapidly. The first sign that the industry's response to the downturn had entered a new phase came early this year when Nissan became the first Japanese carmaker since the second world war to announce a plant closure - at Zama, near Tokyo. with the loss of 5,000 jobs over the next three years.

Nissan's motives are echoed across Japanese industry. The group had cut costs in previous downturns, "but then we tended to put on more weight, more fat than before." When a recovery materialised, said Mr Yoshifumi Tsuji, Nissan's president. The Zama closure is part of a plan to reduce capacity from 2.5m units a year to 2.8m units over the next three years. This time, the group will stay smaller, says Mr Tsuji.

Industrial cost-cutting entered another important

the telecommunications group and a pillar of the industrial establishment, announced that

through voluntary retirement, by next year. This was significant because it reduced other companies' inhibitions about cutting jobs, still seen as socially unacceptable in Japan. In the weeks that followed, the Toshiba electronics group announced that it was to cut 5,000 jobs; Honda

the carmaker 3,000; and Kawa-

saki Steel 3,200, to cite just

phase in September when NTT.

it would shed 10,000 staff,

some of the most prominent. However, one taboo remains Intact - Japanese companies reluctance to impose straightforward redundancies. All the job losses announced so far by leading industrial companies will take place over a period of years and will be achieved through methods that appear painless by the standards of US or European competitors.

These include cutting down on recruitment, not replacing people who retire, or requiring surplus staff to move to other divisions or affiliate companies, some of which can be geo-

graphically remote. This has enabled Japan to keep its unemployment rate low, at about 2.5 per cent. This 800,000-1.2m employees who are surplus to companies needs

but are still kept on payrolls. One consequence of Japanese industry's relatively gentle approach to job reductions has been to increase the pressure on salaries. Companies determination to cut payroll costs is underlined by the present negotiations on bonuses, an important part of total salaries. The electronics industry has set the tone by cutting bonuses to the lowest level for 18 years, prompting uncharacteristic complaints from normally compliant unions. Car and steel industries are taking an equally tough line, likely to be continued when Japanese industry embarks on its

All this has provoked wide spread questioning - by both companies and employees - of Japan's social contract of a job for life in return for complete

wage round next

IN THIS SURVEY

☐ Industry and politics: A complex pattern of relation-☐ Corporate finance: Battered banks get tough on

□ Deregulation: The drive has run into an intense backroom battle □ Corporate earnings: The stronger yen has winners ☐ Car industry: GM deal highlights challenges facing the industryPage IV C Retailing: Consumers are

being forced to go back to □ Construction Industry: A fresh approach to automa-

□ Editorial production: Phil Sanders

loyalty to the company. The car industry has already long experience of using temporary workers to increase flexibility and thus cut costs. But now an increasing number of big industrial groups, such as Sony and Toyota, are trying to employ a small proportion of people who are not expected to stay with the company all their

The industrial consequence of surpluses in the workforce. the maturity of cars and electronics and the banking system's weakness, is to diminish Japan's growth potential.

For the past few decades. Japanese industry has always planned on the basis of fast growth - hence its former reputation of chasing turnover at the expense of profits. In the next few years it can expect economic growth of between 2.5 per cent and 3 per cent, roughly a percentage point less than in the 1980s, forecasts Mr Peter Tasker, chief strategist at securities house. Kleinwort Benson, in Tokyo.

All this indicates that Japanese industry is on the threshold of what will be a new experience for it: how to switch from the strategic offensive, to adjusting to a slow growth



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cracy, as they were officially in

recession until three years ago, following the downturn cre-

ated by the yen's rise in the

mid-1980s. As a result of tech-

nological improvements during

that period, assisted by a range of government subsidies, the

industry emerged from recession with a half share of the

By the end of April this year,

Japan's car companies and

computer makers had joined a

list of 138 sectors eligible for

government assistance in

employment adjustment",

covering the transfer of work-

ers within companies, retrain-

ing and early retirement

schemes. None of the compa-

This message will be passed

on by political colleagues to Mr

Hosokawa, now attempting to

clear a path through the regu-

lations holding back growth.

He will find that many Japa-

nese companies are reluctant

to sever a network of ties

among the bureaucracy, other

companies in the same sector,

and politicians that has served

nies wants this type of govern-

ment intervention to end.

world market.

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■ INDUSTRY AND POLITICS

Complex pattern of relationships

hen Mr Morihiro Hosokawa, Japan's prime minister, and his coalition took office this year, the party of industry, the Liberal Democratic party, lost power for the first time in four decades and politicians long cultivated by companies were sitting in the opposition benches for the first time.

The realignment has disoriented Japanese companies and prompted them to seek closer relations with the bureaucrats whose power Mr Hosokawa is attempting to limit through his deregulation drive. Meanwhile, companies are reassessing the worth of links to LDP politicians - traditionally seen as representing the construction crats, many of whom later join or trucking industries as much as arguing the case of their local constituencies.

Within parliament, there are "tribes" of politicians representing the interests of various sectors, and these have been dominated by LDP politicians. An unfolding construction industry scandal has highlighted the close links in the provinces between companies and the LDP, and similar ties are maintained with national

Not only the construction industry had influence. The but it would also mean a new natural gas industry, through an economic organisation, bought advertisement space in istered, which have seen the traditional links with the LDP publications, including Y230m for six ads last financial bureaucracy as both restraining and reassuring. year. But the end of LDP rule does not mean that Japanese These links are particularly companies have no influence

> By selling equities, the companies are able to reduce their losses and increase profits at will

reassuring when industry's political influence has declined with the departure of the LDP. Weaker corporate links with the ministries, which tend to deal with companies as an industry group rather than individually, would provide more freedom for aggressive companies to break from the orderly hierarchy that charac-

and their courting of politi-

Japan's leading steel companies all announced losses in the first half this year, each with an eye on the figures of Nippon Steel, the industry leader. By selling equities, the companies are able to reduce their losses and increas its at will, ensuring that each keeps its acknowledged place

tors and the regulated is one thread in the complex pattern of relationships, but by tugging at that thread. Mr Hosokawa could change the shape of the whole in unexpected ways. Some industries which have been particularly generous

The link between the regula-

Hosokawa government has not quickened liberalisation, which conducted at a pace directed

by the bureaucracy. An official at one of the long-term credit banks allowed to establish a securities subsidiary earlier this year complained about the fresh flat of restrictions introduced by the finance ministry, which was reacting to criticism from existing brokers that the

The shipbuilding industry emerged from recession with a half share of the world market

banks would undermine their

industry. The new subsidiaries are forhidden to share the same office as the parent bank, their staff must wear a uniform that is distinctively different from that of the bank staff, and their staff are unable to accompany bank staff on a client call. In effect, the bank official said,

aged to diversify and reduce their traditional reliance on

Nevertheless, despite grow-

ing signs of pressure on

Japan's myriad suppliers.

opinion is divided over

the parent company.

egulation have been lost in the new regulations.

Banks are being allowed to enter new business in small groups, beginning with the long-term credit banks and ending with the commercial banks. Their access to new products is determined by the finance ministry, not by demand from customers, whose views are barely represented by politicians or

Changing the regulations will not necessarily change the way Japanese companies are treated. Companies are wary of treading on ministerial toes, fearing that a licence for a new product or that recessioninked assistance could be delayed by the small group of bureaucrats responsible for approving these matters.

Robert Thomson

The truth is that there is no work left any more." moans Mr Masao Saito, head of the International Technical Business Association. which is helping a group of small and medium-sized Japanese companies from Gumma prefecture to set up operations

The decision by these small companies to combine forces and move to China reflects the desperate situation they face as their traditional customers, the larger Japanese manufacturers, transfer more of their production overseas.

The sharp rise of the year since the beginning of the year has meant that hardly a day goes by without one Jananese company or another announcing a new investment or expansion of already existing facilities abroad, particularly

In the mid to late 1980s the move by Japanese manufacturers to set up operations overseas was considered a political necessity. Words such as globalisation and local procurement became corporate mantras and Japanese foreign investment reached \$67.5bn in Ministry of Finance statistics.

Overall, recent Japanese off since then as most of the companies that needed to have established a presence in key markets outside of Japan and as the plunge in asset prices and slowdown of the Japanese economy has dented corporate

over policy - because they also

have close links to the bureau-

companies in the industry they

When Mr Hosokawa

announced deregulation plans.

the leaders of industry associa-

tions welcomed his plans but,

at the same time, companies

represented by those associa-

tions were queueing for employment "adjustment sub-

sidies" and industries were

seeking bureaucratic help to

Deregulation is meant to

cope with a deepening down-

have regulated.

The level of investment overseas declined to \$34.1bn in the last fiscal year.

But with the yen's rise, overseas investment has once again become a necessity for the corporate survival of many manufacturing companies for economic rather than political

The moves to shift produc-

Computer makers have begun to procure models in their PC line-up from overseas sources

tion overseas, coinciding this time with a recessionary environment and worries about rising unemployment at home. have raised concerns that Japan's industrial competitive-ness will be undermined by the move of jobs and technolo-

"If the yen continues at this

relationship between the dministrators and the admin-

political sponsors - such as those in the transport and construction sectors - will find their influence on the wane if

strict limits are imposed on

tions, and are likely to find new routes in the future But the hotchpotch nature of the present coalition and its uncertain life has increased the difficulty for companies attempting to target future leaders for cul-For example, the orderly queue for ministerial posts and even the prime ministership

Japanese politicians have

found ways in the past to get

around restrictions on dona-

provided a guide for companie and industries. In investigating the construction scandal, prosecutors found that companies had ranked politicians according to influence, beginning with A+ for the very powerful and down to D for those hardly worth taking out to dinner.

In finance, the coming of the

Japan's shipbuilders can testify to the power of the bureau-Japan, point out that the need

means that their suppliers must also either move out of Japan or face consolidation. Against those concerns, the optimists say that investment overseas by Japanese companies has not risen so dramatically as to warrant

for large manufacturers to

shift production overseas in

order to remain competitive

They also argue that Japanese industry has been shifting to more value-added products to make up for the gradual loss of commodity manufacturing to overseas

"Japan has a high level of

Many electronics companies are increasing investments in liquid crystal displays

technology and education, so I am not worried about Atsushi Kameno at the Ministry of Labour. Japanese manufacturers

faced with the dilemma posed by, on the one hand pressure to shift more logy are moving out of production overseas and, on

the other, the need to maintain - have generally kept to a policy of shifting low technology production overseas while gradually moving the emphasis of their

value-added products. They are also being forced. during the current squeeze on s, to focus their energies and their R&D funds even more than before on areas

Many electronics companies for example, are increasing investments in liquid crystal displays and other key devices which are expected to see growing demand with dvances in information technology.

If the current environment encourages such concentration winning technologies it may help, rather than weaken, the ability of Japanese companies to come up with value-added produc replace

That in turn would help maintain Japan's industrial

Michivo Nakamoto

FOREIGN TAKEOVERS AND INVESTMENTS

Concern mounts over moves to shift production overseas

more production overseas," warns Mr Tsuzo Murase, executive vice-president of Matsushita, the consumer electronics

But the company is considering its moves cautiously because of the need to main-tain jobs at home, he notes. Others, such as Aiwa, a

medium-sized specialised audio company, have trans-ferred the bulk of their manufacturing overseas in an attempt to survive the impact on its costs of the high yen. The ven's rise is not just encouraging the shift of production to lower cost bases such as south-east Asia. The need to reduce costs substantially in order to main-

tain cost competitiveness has also led to increased purchases of components from cheaper

ources outside Japan. As the yen climbed from an exchange rate of Y124 to the year to ¥115 to the dollar by April, imports of major elec-tronic components and equipment from Asia, including China, have surged.
In the first six months of the

year, the dollar value of imports of office machinery from China tripled from the same period in the previous year while that of electronic omponents more than doubled, according to statistics from the Ministry of Finance. From member countries of the Association of South East Asian Nations (Asean), then,

trial might. turer after another moves prooffice machinery imports rose 80 per cent while that of electronic devices increased 27 per cent and the picture is similar for imports from the newly

trial landscape at home being transformed by the manufac-Many Japanese computer turing exodus. kers have begun to procure Some, such as the electronic

components maker Sanritsu. line-up from lower cost sources overseas. Maisushita. which has seen a large proporfor one, has set up a special tion of its business evaporate with the decision by its parent unit to concentrate on procurcompany to procure parts from cheaper sources in Asia, are ing components from cheaper sources abrowd. being forced to close factoric These moves may help to Even the more fortunate suppliers are being encour-

maintain the competitiveness of the large manufacturers but the worry is that they are harting the vast number of Japanese component makers which have been a crucial factor behind the country's indus-As one Japanese manufac-

whether the current trend will eventually lead to a hollowing duction oversees or looks outside of Japan for cheaper parts, Japan's small and mediout of Japanese industry. The doomsayers who believe n-sized suppliers have been jobs and manufacturing left behind to watch the indus-

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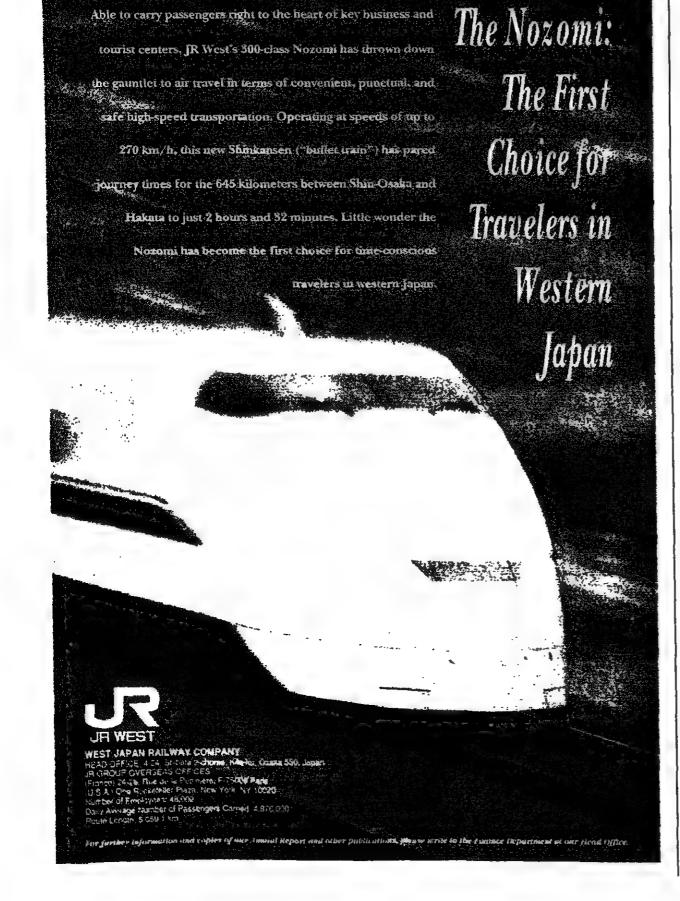
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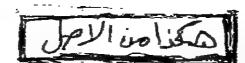
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markets, soaked up the cheap

money available during the

ment binge is a continuing

decline in return on equity for

listed Japanese manufacturers,

slipping from 8.3 per cent in

1989 to 3.1 per cent last year

and an estimated 2.5 per cent

or lower this year. The binge

also left Japan's banks with a

large pile of non-performing

loans which they have only

At the end of March, the 11

just begun to clear away.

■ CORPORATE FINANCE

Battered banks get tough on lending

athered around a table at the Mikasa Chamber of Commerce, small business owners in a small town in northern Japan described the pains of recession. For them, the speculative era of the late 1980s meant a slight rise in sales, but the following downturn is leaving have more access to capital

Sales in local stores have fallen, components makers are being squeezed by their larger customers, and banks are selective about new lending. An example of the banks' new toughness, a Mikasa company owner explained, was that they were wary of accepting lowpriced local land as collateral and many companies did not have much else to offer.

But Mikasa companies also have little immediate desire to expand shops or factories because demand is in decline and there is no need for new capacity. The corporate reluctance to invest and the banks' increased emphasis on risk management - in the wake of reckless lending during the speculative years - form a pattern seen throughout Japan. Larger companies, which Borrowing costs for small and large non-financial

late 1980s when new issues	companies (%)			
were easily digested on the Tokyo stock market. However,	Your	Small	Large	
the cheapness of new finance	1986	6.5	7.0	
led to a weakening of disci.	1987	5.7	5.9	
pline, and investments in new	1988	4.9	5.1	
plant or in diversification were	1989	4.9	4.6	
made without enough concern	1990	5.1	5.0	
for profitability, either on the	1991	7.1	5.9	
nort of the commercial	1992	6.7	5.8	
part of the company or its	1993	5.4	5.0	
One result of that invest-	Source: Minis	ey of Finance, Salor	non Brothors	

leading commercial banks announced an average 70 per cent increase in loan loss reserves for the year, and wrote off Y72.8bn, an increase of 478 per cent on a year earlier, but a small share of their then official total of Y8,435bn in problem loans. Smaller banks, such as the

Shinkin, on the lowest rung of

the banking ladder, are under burden until late in the 1990s pressure, partly from rash and, in the meantime, Japalending in the past but also because decline in regional areas has hurt their core customers. It is expected that the average fall in their first-half banking profits will be 30 per cent, while lending increased by a record low of 3 per cent.

The difficulty in estimating

the bubble era damage, and in

reading longer-term attitudes to fresh lending, is that the official problem loan figure does not include the lending of financial affiliates, used by banks for some of their more adventurous deals during the late 1980s. Banks also do not calculate the hurden of loans to troubled clients on which delayed or shaved to almost zero as part of a restructuring

Bad loans are likely to be a

nese companies will have to deal with banks which are changing their len cies. For example, steelmaker said its had traditionally cl same interest rate for panies in the group now making a d charging higher rate

exposed to the prop

The head of a p company in Tokyo complained that banks were willing to assist larger customers, but had been unsympathetic in dealing with smaller companies. The Bank of Japan has concerns about financial institutions becoming too riskaverse and starving a recovery of funds, although the bank tends to blame weak demand

Net return on fixed investment for small and large non-financial

iding poli-	companies (%)				
a leading	Year	Small	Larg		
harged the	1986	9.0	6.		
or all com-	1987	8.8	5.		
p. but was	1988	11.4	8.		
istinction,	1989	13.4	9.		
o fee mann	1990	11.5	9.		
s for group	1991	10.1	7.		
it to be	1992	7.2	5.		
erty down-	1993	4.0	5.		
	Source: Ministry of Finance, Salomon Brothe				
publishing					

for the unusually low loan

growth this year. Banks say they are more than willing to assist good quality customers but the evidence is that new customers courted during the late 1980s, when financial institutions expanded rapidly, are receiving

Ms Tomoko Fujii, economist at Salomon Brothers, said smaller Japanese companies had sharply increased their borrowing this year from three public institutions - the Japan Development Bank, the People's Pinance Corporation and the Small Business Finance Corporation - which received an increase in funds as part of the government's attempts to stimulate growth.

Growth in loans outstanding at the three institutions was 13.7 per cent in the year to July, compared to the meagre 4.2 per cent growth in the year to September 1991. These institutions which provide concessional rates, are more favoured sources than commercial banks, slow to pass on the benefits of the fall in official interest rates in the past year.

But Japan's leading life

increase lending to industry and reduce the share of securities in their portfolios, say the demand for loans has been less than they expected. The largest eight life companies are reported have experienced a 0.1 per cent fall in the ratio of outstanding loans to total assets in the year to end March.

assurers, attempting to

For much of the past year, Japanese hanks were helped by the strength of Tokyo stock prices, which increased their unrealised gains on securities holdings. But the recent weakness in the Nikkei average has made the banks more aware of their vulnerability and puts more pressure on their corporate customers, also dependent on their equity portfolio as a buffer against the had times.

The change in the stock market's mood could prompt Japanese banks to be even tougher, further undermining corporate confidence. Economic recovery could hang on the balance between the demand for new loans and the willingness of Japan's bruised banks to meet that demand.

Robert Thomson

ewcomers to Japan sometimes find It hard to understand why the country has such efficient manufacturing industries and yet such a primitive service sector.

This is precisely the problem that Mr Moribiro Hosokawa, the new prime minister, is seeking to tackle with his potentially wide-ranging programme to scrap or review more than 10,000 regulations that control an estimated 40 per cent of

47000

Japanese industry.

If Mr Hosokawa has his way, he will remove many of the unnecessary costs of complying with bureaucratic rules that provide such a drag on Japanese competitiveness, as exposed by the year's steep rise. The upshot could be to improve Japanese industry's growth potential at a time when important international car and consumer electronics markets are becoming mature.

Foreign companies also have a stake in this. If successful, Mr Hosokawa's deregulation drive could ease the way for imports, by streamlining complex certification procedures and removing a layer or two of the Byzantine distribution system that drives up costs to the benefits of hordes of middle men.

Estimates of the general economic impact vary widely. At the conservative and, the Japan Research Institute, a private body, believes the programme could unicash a Y44.800hn rise in gross consumption, of which Y32,900bn would be increased imports and the remaining Y11,900bn would be supplied by demestic industry. At the optimistic end, one US economics expert believes that demand

DEREGULATION

Intense backroom battle

could rise by Y80,000bn, as a result. But first, the new government has to overcome fierce entrenched opposition. which has ensured that previous attempts at cutting red tape by earlier governments have got nowhere. Traditionally protected industries such as distribution, rice and construction fear losing their privileges. Japan's powerful civil service, unsurprisingly, resents this attempt to reduce its bureaucratic influence.

That is why the deregulation drive has

The ministries produced 60 proposals, most of which had already been gathering dust for years

run into an intense backroom battle, as a result of which the first achievements are likely to be slight.

Perhaps it is just as well that initial progress will be slow, for US and European Union experience during the 1980s shows that deregulation tends to produce a short-term rise in unemployment, as inefficient businesses go bankrupt, before the reduction in costs works through to the economy at large. The last thing that Japan's economy needs in the middle of a

recession is a dose of deflation, points out Mr Tom Hill, strategist at SG Warburg Securities in Tokyo.

Yet it is surprising that any progress has been possible, given the difficulty of obtaining agreement on anything in a seven-party coalition.

Just after taking office in early August, Mr Hosokawa asked government minis-tries to come up with a list of rules for the scrap bean. At the same time, he established a panel of 15 business leaders, ts and former officials, under Mr Gaishi Hiraiwa, chairman of the Keidanren business federation, to consider broader economic reforms centred on how to stimulate domestic demand.

A month later, the ministries produced 60 proposals, most of which had already en gathering dust for years or were likely to have little impact.

They included an easing of restrictions on the freight weight of trucks, an end to minimum production limits for brewers which keep potential small producers out of the market - and fewer car roadworthiness inspections. The package also proposed a relaxation in regulations on new retail stores, although the details are Undeterred. Mr Hosokawa sent the min-

which they produced 34 more proposals, announced in mid-September at the same time as a Y6,150bn economic pump-prim-

The most radical new measure in the second round was to publish monthly lists of import cost prices for basic consumer goods, to exert moral pressure on highpriced retailers to trim profit margins and pass down some of the benefits of the yen's strength to customers.

The next stage, generally greeted as a disappointment, was last month's publication of the interim report of Mr Hiralwa's

The report, already once rewritten after Mr Hosokawa rejected a first draft as too vague, says there should be "no sanctuaries" from deregulation. It singles out as urgent examples for review 500 rules. including the rice import ban and the resale price system, which requires some products to be sold at producers' recommended prices.

It also calls for the establishment next April of a central body, under the prime minister's direct control, to carry out a five-year deregulation plan. Mr Hiralwa promises more concrete

proposals in his final report, due on December 15. That will provide the most istries back to the drawing board, after revealing indicator to date of whether or



not the new government will do any better than previous ones at overcoming bureaucratic attempts to block deregula-

The signs are, however, that this will get further than previous attempts at cutting red tape, such as the 1986 Mackawa report, named after its author, a former governor of the Bank of Japan. That proposed a shift away from export-led growth, the traditional engine of Japan's post-war economy, to domestic growth,

fuelled by consumer demand. None of its proposals were acted on and it is the Hiraiwa panel's job to turn the Maekawa principles into concrete proposais for

Mr Hosokawa has in his favour support from the top business lobbles, which see deregulation as an important way to reduce costs - on distribution, for example - and to help reduce the yen's value and assuage trade tension. Indeed, the Keidanren has criticised Mr Hosokawa for not going far enough and has persuaded the government to adopt some of its own deregulation ideas.

Added to this, Japan's political upheavals coincide with the arrival of a younger generation of men in national politics. keen to raise living standards and satisfy consumers' interests rather than pander to traditional vested interests.

A third force for deregulation comes from Japan's foreign trade partners. The US and the European Union are both increasing pressure on Japan to stimulate domestic demand as a way of cutting the trade surplus.

That is why all involved agree that Mr Hosokawa has started a process that, over years, will shake up Japan's industrial

"In the longer term, the direction set by these preliminary measures will impact the future shape of Japanese business, politics and ostensibly the social structure of the country," argues a paper by Mr Geoffrey Barker, chief economist at Baring Securities in Tokyo.

William Dawkins

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■ CORPORATE EARNINGS

Strong yen's winners and losers

ntil now, many ordinary Japanese have taken pride in the rising value of the yen as a sign of national strength, even though it could only be appreciated when they travelled abroad, buying cheaper handbags in Paris and extra cans of Fortnum and Mason tea

However, this perception has shifted drastically as the sharp rise in the yen this year has eroded corporate profits and accelerated an exodus of manufacturing from Japan, raising fears of job security and declines in workers' real income.

After fluctuating around the Y125 to the dollar level during January this year, the yen rose to Y105 in June, and has remained around that level ever since. The Japanese manufacturing sector's high reliance on exports is damaging the economy, due to lower sales and profits from the sharp rise in the yen. Benefits from the stronger yen have been small because of low import levels - and sluggish demand. According to Nomura Research Insti-

tute, research arm of Nomura Securities, the higher yen caused losses of Y45.2bn and profits of Y3.3bn during the first quarter of 1993, while the second quarter saw losses of Y925.3bn and profits of Y350.8bn. ratio remains high, averaging 41.5 per cent

NRI estimates that if the yen rate remains at about Y105 to the dollar in the second half of 1993, annual exchange losses incurred by exporters would total about Y4,000hn, while importers are expected to make about Y3,000bn in exchange gains for the full year, generating a net loss of Y1,000bn. Earnings by export-oriented industries,

especially electronics, cars, textiles and shipping, have been hit. Beneficiaries of the higher yen have been limited to power utility companies and some oil refiners. which rely on fuel imports. Foods and paper and pulp companies also import materials, but lower demand due to the prolonged economic slump have overshadowed the gains.

Although the export ratio of consumer electronics companies has failen sharply during the past six to seven years, the

last year. Companies in this sector which centre business on audio visual-related machines generated 60.1 per cent of their sales overseas. A Y1 rise against the dollar is said to cause losses of Y5bn at Sony and Y2bn at Matsushita Electric Industrial.

10.6 per cent fall in pre-tax profits. Nissan Motor, which posted pre-tax losses for the first half, has warned that it will not make a profit for the full year to March. During the first half, the impact of the yen's rise amounted to Y100bn. Some Y50bn was Sony which posts 65 per cent of its sales absorbed through forward exchange deal-

The high yen led to the 'Finland shock' in the shipbuilding industry earlier this year, when Kvaerner Masa of Finland captured an order from Abu Dhabi to supply tankers

overseas, suffered a 53 per cent fall in ing and price rises, and the net impact on parent pre-tax profits for the first half to September. Overall sales fell 11 per cent to Y852.6hn as the yen's rise cost the company Y74bn in sales.

The export ratio of six leading carmakers average around 51 per cent. According to Wako Research Institute, a rise of Y1 against the dollar would cause a

■ THE CAR INDUSTRY

sales totalled Y50bn.

The high yen led to the "Finland shock" in the shipbuilding industry earlier this year, when Kvaerner Masa of Finland captured an order from Abu Dhabi to supply tankers. The high yen is eroding the competitiveness of Japanese shipbuilders and a fall in prices based in dollars, due to

declines in yen-based profit margins. According to brokers James Capel in Tokyo, during the six months to September, gross tonnage of approved new build-

ines increased by 6.5 per cent, but the total value of the orders declined by 18.9 The high yen has cut into exports of the textile and chemicals sector while leading to increased import penetration. Inventories of nolvester filament at textile makers.

have risen due to the increase in cheaper

imports from south-east Asia and the fall In the chemicals industry, net exports of resins were down by 31 per cent during the first six months of this year. On the other hand. Japan imported 3.8 times as much high-density polyethylene, accounting for almost 4 per cent of domestic demand, up 3 percentage points.

Meanwhile the higher yen lowered imported fuel and material costs for sev-eral industries. The gas companies saw a jump in interim profits thanks to a fall in fuel costs and a rise in demand for gas due to an unusually cold summer. However, gas and electric power companies have been ordered to pass on profits from the higher yen, and are expected to pass a total of X265bn to the consumer this year by lowering rates.

Tokyo Gas saw interim pre-tax profits surge 211.2 per cent to Y14.4bn, thanks to higher demand and lower costs. The com-pany saw fuel costs fall 3.8 per cent to Y54.8bn on lower fuel prices and a higher yen. However, it forecasts a 2 per cent fall in full-year pre-tax profits to Y35bn, due to the lowering of gas rates.

Although the higher yen reduced costs at electric power companies, a fall in demand amid the economic slump and the cold summer hurt profits. Tokyo Electric Power posted a decline in interim sales and profits for the first time in five years. Electricity rate cuts are expected to reduce the company's income by Y36bn for the year to March next year.

Emiko Terazono

ate last month, GM and Toyota, the world's largest and second-largest carmakers, signed a deal that highlights some of the big challenges facing the Japanese car industry.

The agreement calls for Toyota, Japan's largest carmaker, to sell 20,000 GM cars a year in Japan under the

While the volume of GM cars Toyota has agreed to sell in Japan is miniscule, compared with the hundreds of thousands of cars Toyota sells in the US. it represents a significant victory for GM in opening up the Japanese car market to US competition.

The US carmaker not only won agreement from Toyota to open up its distribution net-Work to sell a competitor's car. it even managed to set a target for average annual sales.

Whether they like it or not, Japanese carmakers are going to face greater competition than ever before from the US Big Three carmakers in their own market. And if the recent deal between Toyota and GM is any guide, the competition is likely to be dictated to a growing extent by political pressures that are not directly related to market competitive-

While GM and Toyota were pegotiating their latest deal. US and Japanese government officials were bickering over a possible agreement to prise open the Japanese car and car about demand for cars and the

GM deal highlights challenges

eign penetration. One of the most contentious ssue in these talks has been the US insistence on setting quantitative indicators which would show progress in open-ing up the Japanese markets for cars and car parts. Although the Japanese government has refused to agree

to such targets in what it calls the interests of free trade, the agreement between GM and Toyota leaves an uneasy feeling that the US side has won a small but significant concession to its aims even though there has been no apparent official prodding of a deal between the two companies. The threat of US carmakers to the Japanese in their own market is by no means critical. But the timing of their onslaught could not have been

For the past few years, Japan's car industry has been suffering under the impact of a consumer reaction to the high-spending years of the late

During those years consumers went on a buying binge that led to overoptimistic assumptions in the industry

Those assumptions in turn led to over-investment in facilities, a proliferation of models and options and bloated corporate structures. Nissan, for example, invested heavily in entomation while Mazda built up an ambitions five-channel distribution strategy. As the domestic slump has

The situation has forced carmakers to scale back their ambitions

persisted, it has become apparent that the expansion in domestic demand on which they had based their future strategies, is no longer there. The situation has forced Japanese carmakers to scale back

their ambitions, cutting deeply into capital expenditure and other costs and trimming their corporate structures. A moderate consolidation has been taking place as the increasingly crowded Japanese market for passenger cars has

begun to put pressure on the weaker players. Isuzu, for example, has decided to pull out of car manufacture and

product line-up. Companies such as Mazda and Honda have conceded that they can no longer expect to do everything themselves and, like Isuzu, are resorting to original equipment manufacture deals, to provide them with products

they cannot justify developing

on their own, Meanwhile, the domestic market has continued its relentless slide, leading many carmakers to announce a downward revision of production plans. Nissan recently decided to extend the temporary closure of facilities for two more days in order to cut back on production as well as costs. Mazda has decided to introduce a temporary closure period that will affect produc-

tion levels of all its models. When they announced worsening business results for the half-year period to September last mouth, the carmakers remained cautious about the prospects for recovery in the near term.

Against this background of gloomy prospects at home. pressure on their overseas operations has been just as damaging. The yen's sharp appreciation against other



ent from the high growth days which Japanese carmakers had long grown accustomed to are forcing these companies to re-think their corporate strate-

In the past, the sim of most Japanese carmakers was quite clearly to increase market share in key markets, and use that growth as the basis for the company's own expansion.

to expect growth in worldwide markets, companies have gradually been shifting the empha-sis to improving profitability. They have been doing so not only through efforts to raise efficiency in both product ing, but also through a company-wide review of the performance of white collar workers.

grammes aimed at getting bet-ter value out of their office workers. While Toyota aims to raise white collar efficiency by about 30 per cent, Nissan and Honda have introduced perforance-related pay schemes. Whether or not these initiatives pay off has yet to be seen. What is clear, however,

Toyota, Missen and Honda

is that the singleness of purpose - growth at all costs makers so well in the past, is looking increasingly inappropriate in the changed market

For Japanese carmakers, the US Big Three to which they provided their own manufacturing know-how not so long ago, may not seem likely role models in shaping their future corporate strategies. But given the recently improved performance of the US carmakers. Toyota may yet have something to learn in its part as

Michiyo Nakamoto

ELECTRONICS AND TELECOMS

Eyes firmly set on the future

The past few years have been a period of corporate soul-searching for Japan's electronics

applicants for a voluntary

retirement scheme at its UK

plant as market conditions in

Europe have failed to improve.

In the US, where the eco-

nomic recovery has belped

business improve somewhat.

Japanese carmakers face grow-

ing competition from their US

rivals which have begun to close the gap with them in manufacturing quality.

These changes which have

created a business environment that is markedly differ-

Not only has the country's economic slowdown brought some of the world's largest and strongest electronic manufacturing companies a third year of falling profits, but the changes in the business environment have also, in many cases, derailed their plans for the future.

Consumer electronics makers have been weakened by a marked reversal in consumer sentiment. The lack of consumer interest is hurting their ability to promote the next neration of products the had been hoping would make up for the saturation of markets for their traditional profit earners, such as video tape recorders and CD players.

High definition TV sets, which many consumer electronics makers had hoped would take off as prices came down, have been a commercial flop in the face of a lack of programmes and a new-found penny-pinching trend among

New electronic gizmos, such as MiniDiscs - the miniature, recordable discs positioned as the latest-generation portable audio system - and digital compact cassettes, have not been the blockbusters they would need to be to make up for the fall in revenues from conventional audio-visual

Mr Norio Ohga, president of Sony, points to strong demand for his company's navigation systems - which at more than Y200,000 a piece are not exactly a bargain - to illustrate the point that consumers are still buying products they really want. However, as one company after another reports huge falls in profits, it is difficult to shake off the perception that consumer electronics makers have lost touch with

In response to a question about the most crucial tasks facing Matsushita, Mr Motol Matsuda, a director and member of the board, conceded recently that the company needed to go back to its roots of providing consumers with products that they wanted. "The fact that our profitabil-

ity is falling is a sign that we are not contributing enough to society," Mr Matsuda said. "We are losing our raison d'être." Meanwhile, Japan's com-puter makers are also facing a

turning point. After years of growing profits sustained by a protected domestic market. Japanese PC makers are facing serious foreign competition in their home territory for the first time.

The spread of a bilingual operating system called DOS-V that was developed by IBM, and the arrival of Compan and Dell on the scene, have shaken

the Japanese PC makers out of their cosy existence. This had allowed companies to cling on to a captive audience and carve up the domestic market among themselves by selling proprietary systems that were incompatible with each other and with any other systems

outside of Japan. The introduction of low-cost machines into Japan by US PC makers last autumn triggered a price war that damaged the profitability of high-cost Japanese makers and shattered the myth in Japan that computers were by necessity expensive

Handaet augustachwers have also been hampered

One year later, most Japa-nese PC makers have joined the IBM camp and introduced IBM-compatible machines, opening the door to fundamental change in the Japanese PC

As the consumer electronics and computer industries look to the future for growth, they share a common problem - in-come from traditional profit earners is on the downtrend.

At the same time, they have been hampered by a poor business environment in Japan from charging forth into what is expected to be the most promising new markets for the industries in future - portable communications and multime

Historical and cultural circumstance, as well as bureau-cratic regulation, have obstructed the development of conditions which are essential for the growth of those two

For example, the market for mobile communications is still relatively small in Japan. Although Japan has the largest market after the US, with 1.7m subscribers, penetration is low with only one per cent of Japa-nese using mobile phones compared with 3 per cent in the

The low penetration of mobile phones is attributed to circumstances such as the spread of public pay phones and the acute lack of airwaves in urban areas, as well as to obstructive regulatory moves

The high cost of subscribing to a mobile phone service. which is blamed for the slow penetration in Japan, is in part a result of the need to apply to the Post and Telecommunications Ministry for price reductions. So, while competition in the industry is severe, "prices do not fall according to market forces," says an official at DoCoMo, the mobile phones subsidiary of NTT.

Handset manufacturers in the electronics and consumer electronics industries have also

been hampered - by the mar-ket's slow growth and by bureaucratic meddling - in the development of their handset

So far, handsets have only

been allowed to be sold by the operators which buy their handsets from the manufactors ers on an original equipment manufacture basis and sell them under their own brand. Next spring, when the sale of handsets is deregulated, competition among makers is expected to reduce prices and sour subscription to services. Personal handyphones are

another market that is expected to grow in future. But here again the regulatory grip of the Ministry of Posts and Telecommunications could have unfortunate consequences for the growth of the industry. The ministry is considering which companies to allow into the new market and could end up hampering competition as it did in the mobile phones mar-

Meanwhile, in the area of multimedia, which is the convergence of computing power and telecommunications to bring a greater amount of information to more places more speedily, Japan lacks the advanced telecommunications infrastructure which is a precondition for the successful application of multimedia

For one thing, cable TV, which is expected to be a big carrier of multimedia services,

interactive TV, has not been very successful in Japan. the wide availability of terrestrial programming in Japan and bureaucratic regulation are blamed for the slow growth of cable TV.

Japanese company executives also confess to a lack of ideas shout how the new technologies could be used by consumers. While US companies dream up information superhighways and 100-channel programming. Japanese electronics makers wonder out loud what use all the extra communications ability might serve. media is," says Mr Tsuzo Murase, executive vice-president of Matsushita.

What is clear, nevertheless is that if and when the golden age of mobile communications and multimedia do come. Japanese electronics companies have their eyes firmly set on providing the hardware and key technologies that will be a practical reality.

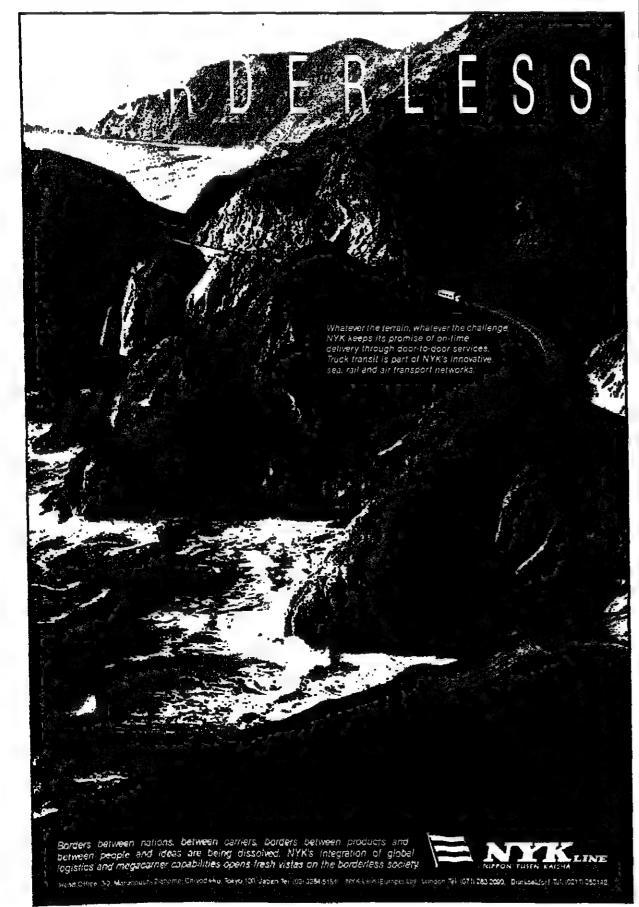
To that end they are pump ing their resources into key technologies such as liquid crystal displays, long-lasting batteries and advanced memory chips, which will play a growing part in portable com-munications and, eventually, multimedia as well.

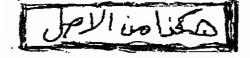
Michlyo Nakamoto

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hen Mr Yukio Higuchi set up his hen Mr Yukio miguem set up first discount liquor store in Tokyo 25 years ago, he had to endure numerous anonymous death threats. He spent most of his time fending off the thugs loltering around his store while trying to convince wholesalers to sell him goods.

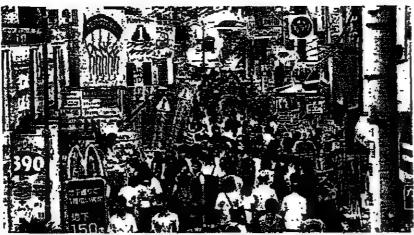
Years later, however, supported by a change in consumer attitudes and a prolonged economic downturn, his Kawachiya liquor chain is thriving. "During the weekends, the stores get so crowded I have to close the shutters to keep people out," he

During the "bubble" economy of the late 1980s, ordinary Japanese did not think twice about spending on highly-priced household goods, food and drink. However the sharp fall in corporate profits and the consequent restructurings have posed a threat to workers' real income, forcing consumers to go back to basics.

Boxes of beers and bottles of whisky at a 30 per cent discount to the normal retail price have an obvious attraction.

Kawachiya, which is unlisted, says its sales have grown by about 30 per cent for the past three years, and it expects annual sales to double this year to Y15hn due to the launch of new stores. The trend towards cheaper prices, however, does not stop at liquor. Consumers are turning to discount stores for their electronic goods, clothes, drugs and other everyday prod-

Aoyama Trading, a manufacturer and retailer of office workers' blue suits, has seen profits surge during the past few years. For the first six months to September, the company posted a 34.5 per cent rise in pre-tax profits to Y12.1bn on a 38.7 per cent increase in sales to Y76.6bn.
To achieve these results, discount retail-





■ RETAILING

Consumers forced back to basics

methods of Japanese retailing, relying on the myriad of wholesalers for supplies and providing extensive service.

Japanese manufacturers set retail prices with profit margins high enough to support two levels of wholesalers and the retailer. In addition, domestic manufacturers cushion their retailers by offering

Until now those who tried to buck the system faced intimidation by retail associations, manufacturers and wholesalers. For retailers such as Kawachiya, securing also been difficult

By selling its products at a discount, Kawachiya is foregoing a bulk of the revenue that ordinary retailers see, but it manages to keep down costs by its no-frills approach. Most of the employees are hired part time, the merchandise is kept in boxes and its stores resemble old shacks Consumers shouldn't have to pay extra to support distributors," he says. In the case of Aoyama, and other men's suit discounters, they have turned to cheep production costs in south-east Asia and China, buying

In sharp contrast to the discount stores, Japan's upmarket department stores have been suffering from the plunge in consumer spending. October sales at leading department stores in the greater Tokyo area fell 10.4 per cent to Y209.5bn, the 20th consecutive decline. At the same time, Mitsukoshi, the prestigious department store which has business ties with Rarrods, announced its first interim pre-tax

loss in nine years.

Mr Paul Heaton, retail analyst at Baring
Securities in Tokyo, explains: "Depart-

rising popularity of discount retailers." Meanwhile discount retailers have received a boost from stricter enforce against price control by the country's Fair

Trade Commission (FTC), the anti-monopoly watchdog.

ers have often threatened to stop ship-ments if the retailer failed to apply the "suggested retail price" set by the mannfacturer. But manufacturers are now being forced to allow retailers to set their own

Japanese beer companies announced in 1990 that retailers were free to set their own prices. Earlier this year, sales of subsidiaries of leading electronics companies, including Matsushita Electric Industrial and Sony, were warned about attempts to prevent retailers from discounting their products by threatening to withdraw con-

Mr Higuchi at Kawachiya says he has been actively informing the FTC of any unfair practice from manufacturers. Last year he took a pharmaceutical company, which cut shipments after Kawachiya started discounting its pep drink, to the

In August, he lodged a complaint against leading cosmetics companies, including Shiseido. He claims Shiseido and other producers cancelled or decreased shipments after he had rejected pleas to stop discounting luxury cosmetic brands.

Japan's cosmetic makers distribute merchandise through small chain stores and have asserted pressure while providing large rebates at the same time, to prevent retailers from discounting. Following an investigation by the FTC, Shiseido recently announced that it would review its contracts and rebate practices with its

chain store operators.

Analysts predict that changes in consumer spending patterns are here to stay, and even if the economy picks up, sales of high-priced merchandise at department stores will not recover. This may be the reason why the department stores are starting to sell cheaper products. To com-pets with the likes of Aoyama, one leading department store recently attracted customers by offering men's silk suits below Y30,000.

Emiko Terazono

n Kamaishi, on the northern coast of Japan, steelmakers can see the future they fear. The town, site of the country's first blast furnace for pig iron, began rusting two decades ago when Nippon Steel announced a restructuring that meant job ses and a gradual reduction

in steel output. The Japanese government predicts that Kamaishl's population will be halved from the present 50,820 by the year 2010, and Kamaishi Shinkin Bank, the local bank, collapsed earlier this year under had loans equivalent to about 60 per cent of its total loans outstanding.

Steelworkers in the town have turned to mushroom growing and the building materials industry, but they are struggling against the general downturn in the economy. The same is true for the Nippon Steel Kamaishi rugby team, the country's strongest side during the 1970s, which has slowly slipped down the

Japan's steelmakers are con-

STEEL INDUSTRY

Spectre of the rusting town

munities which depend on the industry for survival are facing not just recession, but a Kamaishi-like decline.

Mr Takashi Imai, Nippon Steel's president, said his company would have to change the structure of its management and workforce to ward off the

He suggests that Japan faces an unemployment problem similar to that of the US, where jobs lost in manufacturing where not soaked up by the service sector. In the case of steelmakers, he says, traditional customers such as automotive and consumer electronles companies are selling to a mature domestic market after four decades of expansion.

"We are looking for some

replace these industries as a source of demand, but we haven't been able to find them," Mr Imai said. Steel companies can see

their own diversification policies reflected in the Kamaishi government's unsuccessful attempts to create new industries. There was a plan for a marine theme park, and former steel workers now make office furniture, but the town is still losing younger workers to neighbouring regions and the main shopping centre is dotted with permanently shuttered

The Japanese steel industry was inspired to diversify after the Plaza Accord in 1985 led to a rapid appreciation of the yen and a slowing of domestic

from 105m tonnes in 1985 to 98m tonnes a year later, and the leading makers slipped into

the red during 1987.
Companies began to cut their workforces and expand into new business areas, in particular, computers and semiconductors, which were seen as the "industrial rice" of the future. The shift was thought appropriate because steel companies have traditionally seen themselves as the suppliers of Japan's industrial staple. But the speculative excess of

the late 1980s led the steel industry off course. The workforce cuts slowed when domes tic demand for steel bounced back to 105.6m tonnes in 1988, and the country became more concerned about a longer-term

short-term surplus of workers. The cheap capital of that era, when money was easily raised through new issues of equity or equity-linked bonds, fuelled the industry's many diversifcations, some of which were unwise. Sales projections were calculated when stock prices were climbing relentlessly and the Japanese economy was

per cent. Steel companies are feeling the cost of those miscalculations. In the first balf to September, the five leading makers had pre-tax losses, including Y16.7bn at Nippon Steel and Y15.4bn at NKK, which both reported profits last year. The losses would have been more embarrassing

expanding at annual rate of 7

reaped profits from the sale of

For the full year to March, the leading five companies. which tend to move as a caravan in and out of loss, are expecting combined losses of about Y60bn, although Japa nese steel industry specialists say the figure would be Y200bn, if the benefits of accounting changes and profits on securities sales were not

counted. The pressures to discard loss-making diversification projects are obvious, but the companies are still determined to restructure without dismissing workers. Sumitomo Metal industries, which had an interim loss of Y9bn, said the

change in market conditions had forced a broad review. "As for the electronics, new materials and biomedical divisions, efforts shall be concentrated on examining profitability in each field and in identifying where profits can be improved as quickly as pos-

Rach of the companies concede that demand will remain weak into next year, with some growth expected in public works construction which has been undermined in recent months by political scandals.

Crude steel production (millions of tonnes) 1986 1989 107.9

Local governments have delayed project awards, fearing that the successful company may be implicated in the scan-dal, but they will eventually have to make a decision.

Steel companies are also hoping that demand from China will strengthen in coming summary of the first half, when it lost Y8.1bn, that exports to China early in the year had "increased remark-

Japanese steelmakers have co-operatively shared the profits of China demand, just as they collectively negotiate prices for imported materials. But the present downturn has raised the question of whether the "restructuring" described by Mr Imai will also mean an end to the very cosy relationship among the leading

five companies. Nippon Steel has been criticised in the past for not exploiting the advantages of its size and expertise, and being as concerned to represent the industry's interests as much as

The next year will be a test of the company's will, and a measure of the relative importance of its shareholders and its industry friendships.

Robert Thomson

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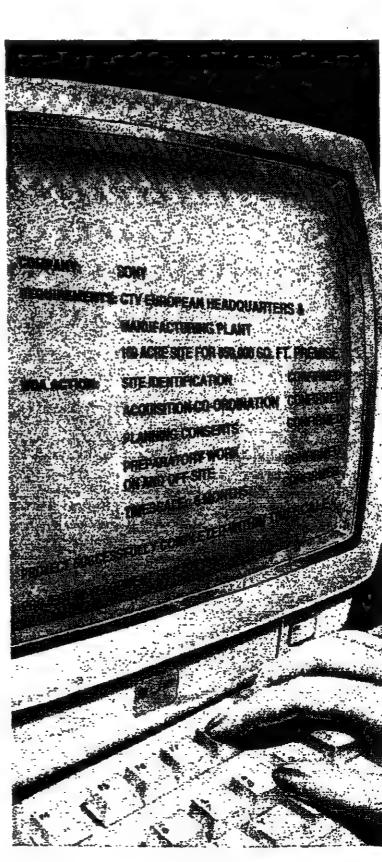
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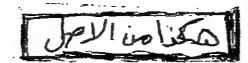
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made there.

from the Worcester plant to markets outside Europe, and is also gradually increas-

ing the number of machine tool types

No one in the machine tool industry is

predicting a return to the heady days of

1990, when sales were being buoyed by factors such as the "bubble economy" in

Japan, But Mr Yamazaki is confident

about the long-term need for machine

tools, especially in Europe and the US. "If

you look at European and US customers of

the machine tool industry," he says, "you will see that many of their production

facilities are older than those used in

Japan. So these customers will have to

He is also keeping a close eye on Asia.

where cheap labour and booming markets

have encouraged many traditional Yama-

zaki customers to begin manufacturing.

Machine tool producers such as Yamazaki

are following their customers into Asia,

but also want to be there to take advan-

tage of the region's overall market oppor-

The company began producing machine

tool parts in Singapore last year, and also

has a technical co-operation agreement

with a Chinese machine tool builder, Shen-

yang No 1 Machine Tool Works. This is

not yet a joint venture, but Mr Yamazaki

says the co-operation has good potential

for further development.

make more investment in equipment.

JAPANESE INDUSTRY VI

■ PROFILE: YAMAZAKI MAZAK

- Yamazaki Mazak, Amada, Toyoda, Okuma, Hitachi Seiki - are rightly seen by European and US rivals as formidable worldwide competitors, but not even Powerful competitive position they have remained immune from the

industry's global recession.

The Japanese industry is the largest in the world, accounting for about a quarter of total machine tool production worth \$34.6bn last year, according to statistics from American Machinist. But consumption of machine tools in Japan, which was also the world's largest market, fell 32 per cent to \$5.7bn last year, says the maga-

apan's big machine tool producers

Last month, the Japan Machine Tool Builders Association said orders received by the Japanese producers this year were likely to fall short of Y600bn for the first time since 1983. Total orders last year were Y710.2bn, down 37 per cent from 1991 and only just over half the Y1,412.1bn achieved in the boom year of 1990.

And the recession is still continuing - machine tool orders in September were down 31.5 per cent from a year earlier at Y42.3bn due to weak private sector demand amid continued economic stagnation, the association said.

Mr Teruyuki Yamazaki, chairman and president of privately-held Yamazaki Mazak, points out that in some respects, Japanese producers are suffering in the same way as their German counterparts.

"For the machine tool industry in

apan's general contractors have

earned a lot of recognition in recent years with the development of con-

struction site robots. These mechanical

wonders can roam construction sites

spraying fireproofing and finishing concrete floors. There is only one problem.

"They have not proven very cost effec-

general manager for technology at Taisei Undaunted by a false start, the industry

is taking a new approach to mechanising construction sites. Rather than automate

individual tasks, the focus is now on

systems that attempt to turn construction

sites into factories for the assembly of prefabricated components. Rather than

showcase the latest in robots, the systems

are designed to optimise the mix of com-

puter control, automation, mechanical

innovations and plain old manual labour.

Shimizu's Smart System, for example, is

now in use for the first time on a 20-story,

After completing the foundations, what

will become the top floor and roof of the

building were erected on top of four jack-

ing towers. Suspended from this structure

is a network of rail cranes and trolley

hoists that can deliver a load to any point on the floor below. The hoists also travel

on a vertical lift erected alongside the

building to bring material from ground

A computer housed on the top floor con-

trois all these hoists and cranes and can

place steel beams and columns, precast

floor sections, wall panels and other build-

ing components following programmed

20,665 sq m office building in Nagoya

says Mr Yasuo Fujinami, deputy

Europe, volumes are about 50 per cent down, compared with the peak time [two between the Japanese industry's predica-ment and that of the German industry. to three years ago!" he says. "Japan has "Japanese exporters are facing heavy comseen about the same fall." petition in the European market because the yea is too strong," he says. This is a disadvantage for Yamazaki in Up to a point, there are similarities in

the longer-term structural changes going on in both the German and Japanese respect of the machines it exports from mestic markets for machine tools. In Japan, but Mr Yamazaki notes that Ger-Japan, one of the reasons for the rapid fall man producers are facing similar problems in demand for machine tools has been the exporting to countries with weak currenexcess capacity in the automotive and other industries built in the expectation

Some might argue that the key difference between the two leading machine that growth rates in domestic sales and tool producing countries is that the Japa-As in Germany, the high costs of domesnese have a much tighter grip on their tic manufacturing are encouraging the home market where imports accounted for machine tool industry's customers to 10 per cent of consumption last year, commove manufacturing, or at least the suppared with 36 per cent in Germany. ply of components, overseas. Investments But while many believe that the prese

recession has seriously weakened the European machine tool industry's competitiveness vis-a-vis its Japanese rivals, Mr Yamazaki does not believe this is the case. "In Germany the machine tool industry has suffered, and so have we, so the competitive balance has not changed much." in spite of the global recession, the strong yen, and the more fundamental



Teruguki Yamazziki: 'The yen is too strong'

nges in the Japanese market, though, Yamazaki Mazak is in a powerful position competitively, when compared not only domestic rivals.

With overseas manufacturing at Florence in Kentucky, Worcester in the UK, Les Ulis in France, and Singapore its pro-

the case generally in the machine tool

The Worcester plant began producing machine tools in 1987 and was intended mainly as a manufacturing base for Europe. It was then considered that the investment would foreshadow many more by Japanese producers in Europe

Pere a step ahead," says Mr Yamazaki. That this has not happened is due partly to recent market conditions. But Mr Yamazaki believes it has also been much more difficult for the Japanese producers to invest in one European country than in the US, because of the many different cultures, markets, languages and tax systems in Europe. "Some of the Japanese wanted to invest in Europe, but they could not do it," he says.

The Worcester plant, along with other UK-based machine tool producers, has seen its home market hit by the recession first in the UK and then in continental Europe. But lower costs and the recent devaluation of sterling mean that, according to Mr Yamazaki, "we have good competitiveness from our UK machines."

The company is now expanding exports

Andrew Baxter

CONSTRUCTION INDUSTRY

Fresh approach to automation

instructions. As the building is erected, the four jacking towers push up the top floor and then lift their own bases from

the Japanese automotive industry in

the US and the UK represent machine tool

orders that might once have been domes-

tic business but are now either export

orders or supplied by Japanese or rival

machine tool builders manufacturing eise-

It is in the export business that Mr

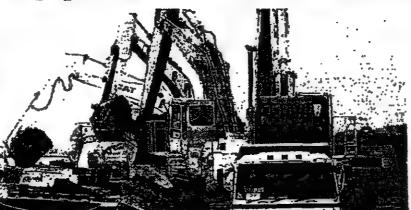
Yamazaki sees further similarities

exports would continue.

Rather than rely on sensors for precise positioning, joints have ingeniously detailed slots and plates that mechanically guide beams and columns into final posi tion. Once in place, clamps on the hoist cables release automatically. This all means that once a human rigger attaches the cables to a steel member at ground level, the system can erect it without further human help. In actual practice, however, a control room operator using video monitors and a spotter on the working level watch the hoists as they position

The closest thing to an actual robot is a welding machine, but even this is not fully automated. An operator must set it in place and start it manually. But then it uses sensors and programmed instructions to make the correct weld. Shimizu figures that one operator can tend two machines.

Yasuyoshi Miyatake, who led the development of the system for Shimizu, says the system allowed them to cut their erection crew from 20 to 13. With additional labour savings from prefabrication, they figure a 30 per cent reduction in the man hours needed to complete the building.



Eventually, we think we can make that 50 per cent," Mr Miyatake says.

Virtually all of Japan's leading contractors have their own systems, either in their first use or under development. They all follow the same theme but have individual variations. In Taisei's T-Up system, the staging platform surrounds and hange from the steel for the central core of the building. Two cranes on top of the plat-form erect the core steel while two cranes

suspended beneath the platform erect the surrounding steel. Taisei figures running four cranes simultaneously will allow them to cut the construction period of a 33-story 111,000 sq m office tower it is building in Yokohama from 30 to 24

The increased productivity and shorter construction periods have not shown up on the bottom line. Shimizu and Taisei both say use of the systems did not result one thing they have to recover their devel-opment costs. Shimizu figures the hardware alone, developed in co-operation with Mitsubishi Heavy Industries, cost Y1,000m. More importantly, the focus of the ing costs but cutting labour requirements. Although less of a crisis with the current recession, the industry still faces a labour shortage, with young workers, especially,

avoiding the construction trades. The industry first attempted to counter this by automating hard or dangerous taska. Mr Yukio Hasegawa, who he construction robot research programme at Waseda University, says the industry was naive, dreaming up robots far more sophislicated than anything developed for manufacturing. He says contractors and equip-ment makers have developed more than 100 types of construction robots. "But very few of them are actually used," he says. They have proven difficult to adapt to the variety of conditions on construction sites.

A similar challenge faces the new systems. So far, the systems have only peen applied to buildings that are tall and relatively square in plan. To be practical, the gains from the increased productivity and speed have to offset the time and

Mr Takanobu Kumano, a manager in Taisei's technology division, says the lower limit for their system is probably about 30 stories. This means that out of the hundreds of buildings the company

takes on each year, there are only seven or eight that could use their system. Despite present limitations, Roozbeh Kangari, associate professor of civil engineering at Georgia Institute of Technology, believes the industry is now taking the right approach: looking at the overall process to see where mechanisation makes sense and where it doesn't. Mr Kangari spent a year in Japan studying Shimizu's nechanisation efforts.

Mr Takayoshi Sato, a general manager for Tokyo-based Futaba Quantity Surveying, says that rather than concentrating high-tech systems on a few projects, greater gains could come from spreading the use of standardised and prefabricated components throughout the industry. Mr Sato says the widespread use of such com-ponents in the US and Europe makes site labour there more productive, despite gen-

erally higher wage rates.

The contractors recognise the need to extend the systems to a wider range of buildings. Shimizu's Mr Miyatake says their next challenge is to apply the concept to low-rise offices. And in typical Japanese fashion, they are already improving system performance. After erecting a couple of floors of steel, they modified the control software, cutting from 400 seconds to 200 seconds the time it takes for a hoist to traverse the rail crane network.

Dennis Normile

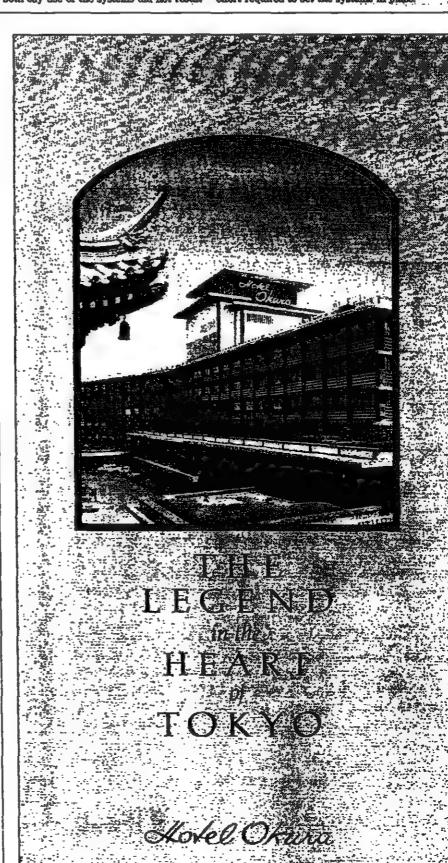


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interestingly, this philosophy resembles the concept of homeostasis, the natural balance that occurs within living organisms, including the harmony between antagonists and agonists that regulate vital functions. Thus, an important factor in the search for new medicines is developing compounds that work together with the body's own restorative and regenerative abilities. w To lead healthy lives, we must seek balance with nature, with society, and within ourselves. Through pharmaceutical research, we are striving to help people attain this balance.



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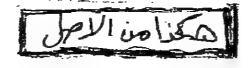
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Please suppose - unless, of course, you happen to be one - that you are an expert recruitment interviewer. Suppose also that you are vetting two men for a selling job, first A then B, both shown to be suitable by well reputed tests of reasoning and personality, as well as by their claimed experience. In their interviews, they behave as follows:

A is impassive, rarely nodding in response to your questions and remarks. He also seems nervous, speaking mostly in a rather highpitched voice, which occasionally slips into a lower tone that sounds more natural, and several times stumbling over words even though he speaks slowly.

B is more genial, frequently smiling, nodding and otherwise showing great interest in what you say, an impression that he strengthens by looking you straight in the eye. His own speech is relaxed and fluent, and he is adept at circumventing potential disagreements.

Being an expert interviewer. you know what each of them is probably up to. That much is clear from the research findings set out in the book Successful Selection Interviewing, whose

*Blackwell, £19.95.

The most sensitive selection tool

lead author is Neil Anderson of Nottingham. University. The signs are that both candidates are falling short of total honesty, albeit in different ways.

A has the classic marks of the "deceiver", who is telling lies. B is probably just being economical with the truth. He has the mien of the "ingratiator" who seeks to make you like him, and so blind

yourself to evidence of his faults. In both cases, your expertise enables you to confirm the signs as the interviews proceed. But the important question is what weight you should give to their different types of deviousness in deciding which one to appoint to the job.

While inexpert interviewers would be likely to reject both, your professional reading has covered various studies that show that a tendency to be less than wholly honest is a boom in some occupations. Besides politics, they include selling - the type of job you need to fill.

Since that applies especially to the sort of deviousness used by B. the odds are that his ingratiating behaviour is a plus. Moreover even the bald lying done by A in the interview doesn't necessarily make him a bad bet.

After all, he was depicted as suitable by the psychometric tests, and the well-reputed types of personality test include liedetectors that research has proved to be highly effective. So the prima facie evidence is that A did not tell lies in his written answers to the test, but changed to distorting the truth only when talking with you face to face. And while that in itself is hardly a golden recommendation, it raises questions that you as an expert interviewer will want to explore.

For example, did you slip up professionally by doing some-thing early in the meeting that made him decide to lie? If not, did anything happen between the test and your first seeing him that might have had the same

effect. . . and so on?
All of which illustrates that when it comes to selecting people for jobs, interviewing offers a capability that is increasingly overlooked. As Dr Anderson observes, in their enthusiasm for more modern methods such as psychometric tests, professional recruiters as well as researchers in the field now tend to look down on interviewing as being merely a less reliable method of essentially the same kind.

But while that may be so in the case of bad interviewing, it is not true of the skilful sort, which is a different sort of tool. Unlike tests that merely detect human oddity, good interviewers can tease out the reasons behind it. What's more, they can influence an outstanding candidate into joining their company instead of going to work somewhere else.

Now to the table alongside, which shows a few of the findings of Day Associates' latest survey of pay and perks in City of London banks. Carried out early last month, it is based on data from 124 employing outfits and includes 307 jobs, high to low. Anyone wanting the full report, priced at £220, should contact Joe Clark at Suite 2.31, Whitechapel Technology Centre, 75 Whitechapel Rd. London E1 1DU; tel (0)71 375 1397, fax (0)71-375 1723. The table's first four columns

of figures cover basic salaries. The lower quartile refers to the person a quarter way up from the foot of a ranking of all in the same type of job, the median to

quartile to the one a quarter from the top. Then we have the average salary, followed by the percentage of it typically received as an added bonus. Lastly comes something different. Whereas my previous

have given data on company cars, this time I've focused on the car allowances in growing vogue. Even so, the percentages in the upper part of the table are made to look unrealistically high by the fact that the survey samples for the best-paid posts, as well as for the personnel directors' job, are small.

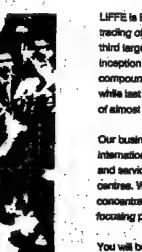
extracts from Day's surveys

Michael Dixon

SALARIES, BONI	JSES AND	CAR ALLO	WANCES	IN CITY OF	LONDON	FINA	NCE
Position	Lower quartile	Modium salary	Upper quantile	Average salary	Avge bonus	%	allowance Avge emount
	£	Ε	£	2	96	with	£ a year
Corporate finance head	88,500	101,750	177,090	122,447	26.3	57	6,975
Capital markets head	95,797	117,600	148,700	121,319	83.5	40	6,930
Bond sales head	75,500	95,000	112,000	110.881	26.3	9	6,180
Fund management director	92,500	104,000	117,500	103,852	26.2	43	7,543
Eurobond trading head	75,500	100,000	127,500	101,050	33.6	22	5,802
Equity trading head	70.000	85,000	127,000	90,861	10.6	22	5,820
Private banking head	71.000	78,750	125,000	89,451	21.6	25	6,882
Head of research	70,000	69,000	92,500	82,871	24.5	43	5,828
Financial director	62,001	76,900	86,000	77,233	13.4	30	7,927
Chief fx dealer	68,340	73,300	82,400	76.047	32.2	19	5,094
Personnel director*	57,500	70,000	80,950	69.380	26.8	20	10.000
Legal services head	54,862	67,250	79,500	69,345	23.5	30	6,704
Money markets head	55,000	64,848	81,100	68,467	30.1	30	5,796
D-P director	52,725	56,175	65.000	59,336	11.4	20	6,079
Credit manager	37,000	40,000	45,000	41,265	11,4	17	5,571
Customer services head	23,900	30,933	37,002	30,996	8.1	12	5,186

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Candidates interested in this position should apply with a carriculum vitae to: Andrew Cauldwell, European Manager, BARRA International Ltd, 1 Whittington Avenue, London

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Due to continuing growth in its corporate client base, a major City based fund management house is seeking two high calibre candidates to fill these new positions. Candidates must be graduates with two to four years relevant experience with a fund management house or investment consultancy. In addition candidates must be self motivated, resourceful, enjoy working under pressure and demonstrate a high level of interpersonal skills. These positions offer competitive remuneration packages commensurate with experience. Career prospects are excellent.

Please contact Roger Manuing specifying which position you wish to apply for.

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The marketing executive will initially be communicating with clients and consultants by letter and telephone. The organisation and preparation of presentation material will also be an important task. Within one year we would expect the incumbent to be making presentations on Newton's Pooled fund business to clients and consultants.

The successful candidate is likely to be a graduate and have a genuine interest and flair for marketing. At least one year's experience of financial markets, preferably in the pension fund industry, is essential. Highly developed interpersonal and presentation skills and numeracy are also key requirements.

If you are interested in this appointment please apply with full curriculum vitae to: Colin D Campbell, Personnel Director, Newton Fund Managers Limited. 71 Queen Victoria Street, London EC4V 4DR.

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This newly created role will require a forward thinking. commercially aware person to spearhead and develop the management consultancy including the recruitment of consultants, developing a range of consulting services to new clients obtained by the consultancy in order to be both a growing enterprise and self-funding organisation.

The successful candidate will be able to demonstrate a proven record of ability in establishing a successful management consultancy, obtaining new business and possessing the right commercial skills. Remaneration, with profit related incentive

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· Close liaison with other business divisions, external advisors and regulatory bodies

to execution with market counterparties and customers

Ideally, candidates will possess at least one year's experience of derivatives/mainstream capital markets

ROBERT WALTERS ASSOCIATES

documentation gamed within a major City firm or financial institution. Although desirable a formal legal qualification is not prerequisite, however at is essential that candidates can clearly demonstrate academic aptitude, sound commerical awareness, ambition and the interpersonal skills to succeed within a team orientated environment

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This assignment is being handled exclusively by Simon Rankey on behalf of Robert Walters Associates. For further information, in complete confidence, please contact him on 071-379 3333 (confidential fax 071-915 8714), or write to him at 25 Bedford Street, London WC2E 9HP.

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A highly successful, City-based worldwide money and securities broking company is looking for a derivatives broker with proven experience of Japanese markets.

Fluent in both English and Japanese, you must be familiar with Japanese business culture. A graduate, preferably in a business-related discipline, you should also have relevant product knowledge coupled with a sound understanding of the money markets.

If you can meet this demanding specification, please send your full cv to Box B1920, Financial Times, One Southwark Bridge, London SE1 9HL

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Candidates should send their CV to Mr J. Battersby, Head of Human Resources, American Express Bank, Enrope, Middle East and Africa Region at the following address. American Express Bank Ltd, 60 Buckingham Palace Road, London, SWIW ORD

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NatWest Capital Markets is part of NatWest Markets, the corporate and investment banking arm of the National Westminster Bank group.

Please send your CV in confidence to:

Sarah Lee

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Die Firma beschäftigt national und international 750 Milarbeiter und gebört zu den Erfolgreichsten der Branche. Der Derisenbaudel, das Depotgeschäft und der Rentenbandel zählen zu den Stürken des Unternebniens in Deutschland. Die wachsende Bedeutung der derivativen instrumente orfordert den dynamischen Ausban der Capital-Markets-Aktivitäten.

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Sue Harwood, Personnel Department. Closing date for applications: Friday, 10th December, 1993.



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The successful candidate will receive an excellent compensation package and the benefits associated with a leading financial institution. Applications in confidence under reference RA25127/FT will be forwarded to our client unless you notify our Security Manager in a covering letter of companies to whom your details should not be sent:

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TEMPLETON

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Location Edinburgh

elient is part of one of the world's largest, independent Management Groups with over \$100 bu der management. The Templeton Group employs over 600 staff globally with offices in the United Kingdom Bahamas, United States, Canada, Australia, Hong Kong, Singapore, Luxembourg and Frankfurt. Success in developing international markets has now created this top level opportunity.

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Service of the servic

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Andrew Jack on the opportunities and potential hazards of the government's proposed abolition

Pritain's first unified budget this week may not have had much effect on beer drinkers or newspaper readers, but it will certainly make its impact on small companies and professional accountancy practices around the country.

Almost as an aside in the middle of his lengthy speech on Tuesday, Mr Kenneth Clarke, the chancellor of the exchequer, spared a thought for the drawbacks of the current statutory audit requirements.

After two previous failed attempts by government in the past few years to relax the rules for annual audits of limited liability companies, draft legislation could now be ready by as soon as next year.

This will lift the requirement for a full audit each year for an estimated 500,000 of the 1.1m limited liability companies across the country. All those with a turnover below £90,000 a year - some 300,000 - will be exempt; most with a turnover below £350,000 a year - a further 200,000 busines will be verified by a report by an independent accountant less exacting than an audit in future.

Interestingly, while most of the work on the small company audit has been conducted by officials at the Department of Trade and Industry, all the glory has been claimed by Trea-

It was Mr Norman Lamont, the previous chancellor, who first hinted at government sympathy for reform in his budget speech in March. It was his successor, Mr Clarke, who was given the task of announcing the decision - and who claimed he had been fully in support of the idea while at the DTL

Mr Neil Hamilton, minister of cor- responses, nearly all in favour of HM Customs and Excise were sudporate affairs at the DTI, was left with reform. the more technical task of unveiling a consultative document this April although the first indications that the D'II was again considering the issue came through his predecessor, Mr John Redwood, in February last

That stoked the fires at a wide range of lobbying groups, which began months of campaigning and preparation of briefs long before any official documents left the DTI head-quarters to ask for their views.

It rapidly became clear that the mood had changed since previous attempts at reform. The usual candidates arguing for abolition at a higher level came forward, not least the small businesses organisations and much of the accountancy profession, including the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Management Accountants.

They said, as they had in the past, that the audit was costly, irrelevant and not best suited to the needs of smaller companies. What was the point of a supposedly independent audit conducted very often by the sole practitioner who had prepared the books and provided advice to the com-

Equally, why have the auditor reporting to the shareholders on the conduct of the directors when the two

groups were very often the same?

By the time the DTI consultative document was issued, it was becoming difficult to find objectors to the principle of reform. It received an all but unprecedented number of 500

For example, the British Bankers' Association had been swayed, in spite of concerns that its members wanted to be able to rely on audited accounts before approving loans. Even the Chartered Association of

Certified Accountants - which includes some 4,000 members auditing the smallest companies - began to

'The DTI must consider how to prevent fraud and to retain assurance that the figures are reliable, although abolition of the audit will still require unanimous shareholder approval'

backtrack. Mr David Bishop, last year's president, had sometimes had to speak through gritted teeth against his own personal views, to argue that the privilege of limited liability must be accompanied by the obligation of

That attitude had softened by the spring, although the association main-tained its position that any deregula-tion should be accompanied by measures to make it easier for many thousands of companies trapped with limited liability for tax reasons to be able to disincorporate. No such measures were announced in the budget.

More significant were the silences.

Officials at the Inland Revenue and

the Chancellor has made our bed we will lie on it and arrange the duvet to be as warm and comfortable as possi-

public interest."

year by year.

denly no longer murmuring about the

reliability of unaudited accounts,

They were under pressure from the

deregulators that they did not place that much reliance in published

accounts, and have powers of far wider access to financial information

the budget go considerably further

than those recommended by the DTI

in the spring. Its consultative docu-

ment called for abolition of the audit

for companies below the annual turn-

over threshold above which registra-

tion for value added tax: which was

The new limit for complete exemp-

tion is twice that level, and for the

lesser requirement of a "compilation

report" by an independent accountant

is nearly eight times as high. It is likely that these figures will remain fixed, while the tax limits tend to rise

These higher levels caught many

people by surprise, not least the Certified Association. It issued a statement

warning: "Removal of the audit

requirement will also remove

accountability . . . [and] may give rise to concerns with regard to the

Even so, the association seems

just raised in the budget to £45,000.

That said, the details announced in

during tax inquiries.

time to do the statutory audit. It was a bit of a bind. This will leave clients with more funds to seek other accountancy services," A lone campaign will continue

"We are happy to be released from the

against reform by the Institute of Credit Management. "We view these proposals with serious concern," says Kate Beddington-Brown, assistant to the director general. "They will probably prove counter-productive to

She says the institute's members are sceptical of the assurance that will be provided by the independent accountant's report, and are less likely to provide strong credit-ratings to unaudited accounts.

A number of details have still to be finalised. There has been considerable agonising in Whitehall over the nature of the independent accountant's report. If it is to remain reasonably rigorous, how far will it differ from the existing audit requirement?

The DTI must consider how to prevent fraud and to retain assurance that the figures are reliable, although - as it recommended - abolition of the audit will still require unanimous shareholder approval.

Equally, there are concerns also among practitioners about exactly what obligations they would be taking on by assuming this new role. Standards-setters may yet have to lav down precise guidelines.

resigned to the changes. Mr John Moore, deputy president and a small practitioner based in Belfast, says: "If But the DTI is committed to reform. It will introduce the reforms as secondary legislation, without the need for an act of parliament, which it says will be in place by the middle of next "I am certainly not concerned in terms of our own practice," he says.



FINANCE DIRECTOR

C. £35K + Car North London

Nathan Furniture Ltd is the brand leader for quality cabinet furniture in the U.K. and operates from two manufacturing sites in Edmonton, North London. Major investment programmes are in hand both to support our extensive product development schedule and to dramatically improve levels of operational efficiency.

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- development of effective pricing strategies.

- evaluation of business development opportunities. extending I.T. systems throughout the company.

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The person appointed must already have practical experience of financial planning and control, VAT and computerised accounts systems: knowledge of pensions and FSA compliance requirements would be advantageous.

Interested candidates should send a c.v. to Tanya Warren at Cheviot House, 70 Baxter Avenue, Southend-on-Sea, Essex, SS2 6JA to arrive not later than Friday 17th December 1993.

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INTERNATIONAL OPERATIONAL REVIEW

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a role with emphasis as much on communication skills as numeracy

City

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sophisticated PC systems to facilitate detailed cost allocation and cash flow budgeting. Ideal candidates, in their mid to late twenties, will be graduate accountants and our preference, given the broad ranging job content, would be for an ACA or CACA Strong PC, spreadsheet and general systems knowledge would provoke considerable interest. Of paramount importance, however, will be the key personal qualities of creativity, flexibility, an investigative approach and the best of communication

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Selector Europe

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NW London

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c £35,000 + Benefits

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multi-national environment, you must be able to

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of your current remuneration package to Nigel Milford at Michael Page Finance Page House, 39-41 Parker Street, London WC2B 5LH. Please quote ref: 167381.

Michael Page Finance

Financial Controller

Telford

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Applicants should be able to demonstrate sound understanding of product costing in a manufacturing plant within a medium/large group. Experience of JIT techniques will also be desirable.

The position will be of interest to anyone from. the European Community who has excellent interpersonal skills and strong commercial

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c £60,000 Package + Car Our client is a multi-site operating division of a UK cost control will be a major responsibility of this role, as will the leadership and development of operating quoted company - a world leader in its markets, with an established reputation for quality engineering and company finance functions.

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Full relocation facilities are available where appropriate and interested applicants should forward a comprehensive curriculum vitae, quoting ref: 172161, to Alan Dickinson FCMA, Executive Selection Division, Michael Page Finance, Page House, 39-41 Parker Street,

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development of close working links with

currency cash management and stringent

international business partners. Multi-

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Applications should be made in writing to Charles Ferguson, Michael Page Finance, 39-41 Parker Street, London, WC2B SLH. Professor Walter Reid, of the client, will review all applications in conjunction with Michael Page Finance.

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Assistant Treasurer

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qualification in treasury management and/or

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accountancy and will be able to demonstrate significant experience in all areas of the function with a 'blue chip' plc. Maturity coupled with well developed communication skills and the ability to carry responsibility are the essential personal qualities. Familiarity with tax and insurance issues would be advantageous.

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Accountants

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Depending on age and experience, initial remuneration package is likely to be in excess of £40,000 pa. In addition other benefits, including subsidised accommodation, will be provided. If you have the requisite qualifications for a career with the

ardine Matheson Group, please send a full CV and a covering letter demonstrating your suitability for the role, quoting reference F/1414 to Heather Thomas at:

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Interested candidates should write promptly to Michael Herst or Charles Austin enclosing a full Curriculum Vitae, quoting reference MH449.

HARRISON # WILLIS

SEARCH AND SELECTION PARTNERSHIP 39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463 LONDON . READING . GUILDFORD . ST ALBANS . BRISTOL . BIRMINGHAM

entry to a corporate treasury career.

sector or with a Top 6 firm of accountants.

TREASURY MANAGER, FUNDING

Using a range of money market instruments, the Treasury

Manager, Funding will be responsible for raising the Group's

daily funding requirements. The role calls for proactive ana-

lysis of funding needs and market opportunities to reduce

both interest rate risks and the cost of funds. This is not a

trading position and is an ideal opportunity for those seeking

The successful candidate will have a strong business manage-

ment perspective and is likely to be a graduate of high calibre.

Experience to date may have been gained within a Treasury

environment or as an accountant with some knowledge of

money market products derived within the financial services

Our client is a highly profitable subsidiary of an international financial services group and a market leader in its own right. It is investing heavily in rebuilding its infrastructure to maintain its pre-eminent position. It now seeks to appoint two talented individuals to key positions offering excellent scope for career development.

MANAGER, FINANCIAL MODELLING

to £35,000 Home Counties South

Reporting to the Head of Asset & Liability Management, this individual will play an important role in the effective analysis of data to mitigate the various risks in the Group balance sheet. Using simulation software to quantify interest and exchange rate exposure and developing statistical models to measure and report other exposures, this Manager is expected to contribute to profitability in the organisation's

The successful candidate will demonstrate a highly mathematical/analytical background, evidenced by a strong numerate degree. Practical experience of financial modelling is essential as is familiarity with software systems. Suitable candidates are likely to be qualified accountants, MBAs or ACTs.

For both positions excellent communication skills are required and the successful candidates will be encouraged to pursue further professional qualifications where appropriate. Usual financial services sector benefits are available.

For further information and a confidential discussion contact Geoff Easson or Howard Foster on 971-387 5400 (evenings 071-381 0312 or 0727 855639) or write/fax you C.V. to Financial Selection Services, Drayton House, 30 Gordon Street, London WC1H 0AN, (fax: 071-388 0857).



City

FINANCIAL SELECTION SERVICES



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Finance

Director

c £40,000 + Benefits



programme, to be completed by the year 2000, which will confirm its status as one of the world's leading concert and entertainment persons 18764. ing concert and entertainment venues. With the promotion of the current Finance Director to Deputy Chief Executive, an opportunity has arisen for an experienced qualified accountant to

take responsibility for the finance function. THE POSITION

 Provide accurate and timely monthly manage and financial reports, budgets, forecasts Maintain strong systems and cash controls and

pitiate value for money reviews. Lead the development and implementation of effective integrated management information systems. Contribute to the overall management and direction of the Hall, as a key member of the senior

ed candidates should write enclosing a full CV, quoting rel. 231 to: PRP Executive Selection, Wimbledon Village phone 081-944 1592.

THE REQUIREMENTS

- A qualified and commercially aware accountant, probably aged 35-45, with at least 10 years' relevant
- post-qualification experience. Senior financial management experience, probably
- gained in the arts, entertainment or leisure sectors. Strong planning, budgeting and communication
- Experience of overseeing the successful
- development of new computer systems, ideally based



PROJECT ACCOUNTANTS

We have a number of positions evailable for qualified or part qualified accountants with experience of major national Oil and Gas Projects.

We have an urgent requirement for the fullowing people.

Senior Opplifical Auditors/Internal Control, London area based.

Qualified Accountants for Russia

based. Must be bi-lingual, accoun experience/exposure and computer knowledge. Knowledge of JDEdwards system should be a bonus.

For the Russian positions there is a group preference for Russian sucakers.

Please send your CV, stating evailability & galary required as soon as possible.

RUST RESOURCES LTD Keeley House, Keeley Road, Croydon, Surrey CRO 1TE Telefax No: 081-649 8891

Prison Service Strategic Planning Unit

We are looking for two people to be part of a small team, based in our modern London offices, which will help develop a database on Prison Service establishments and from it help devise strategic plans for the Prison Service estate. The positions require people who will bring to the team skills and experience, in post one, in accountancy and, in post two in economics and business. You will also need visible powers of analysis, and computer literacy. You will be accountable to the head of the Strategic Planning Unit within the Directorate of Custody in Prison Service Headquarters.

The appointments will be for a fixed period of two years (with the possibility

Both starting salaries will be between \$28,657 - \$29,774 which includes an Inner London Weighting allowance.

SENIOR ACCOUNTANT

Ideally you will have experience of working in the private sector. You should be qualified to be a member of one of the professional institutes of accountants.

BUSINESS ANALYST

Ideally you will have had experience of work outside an academic setting as an economist and you must have a proven track record of working on capacity planning or a related subject.

We are looking for a relevant academic qualification of at least degree level.

For further details on either post and an application form (to be returned by + 14 days) please telephone Carol Codjoe at Prison Service Headquarters on 071 - 217 6295. (An answering machine operates outside office hours on

The Prison Service is an equal opportunities employer. 671 - 217 6357.)



Financial Accountant

Challenging opportunity at the centre of private group of companie offering print purchasing and consultancy services to publishers on in international basis. Annual turnover c. £20 million.

- Full responsibility for all financial management, reporting to managing director
- Key tasks: to upgrade budgeting, accounting and reporting systems, to expand, develop and replace as necessary existing financial control systems; to provide strategic and commercial input to help guide the group through next period of growth
- Eligible for board position within two years

- Graduate or graduate level; full professional accounting qualifications plus both professional and commercial experience. Age 29-36
- Fully DOS/Windows PC computer literate
- Experience of international trading and foreign currency management
- Communication skills, plus stature and authority to take senior position in the company
- Energy and application to detail, combined with high standards of integrity. Sense of humour essential

Remuneration package c. £30,000

Apply in writing with full ev to

Kate Lentil lmago Publishing Ltd Station Yard Thame, Oxon OX9 3UH



Bloomberg

European Financial Controller

Bloomberg is a highly successful supplier of sophisticated screen based news, information and decision support services within the international financial markets. The company has enjoyed dramatic growth worldwide and has a substantial European operation based in London.

A new role has been created to ensure that the accounting and financial controls function develops in line with the growth of the business. The Financial Controller will have responsibility for all financial management issues within Europe including budgets and monthly forecasts. In addition there will be project work relating to all aspects of the company's operations.

Suitable candidates will be qualified accountants with experience of the services sector, preferably gained within the financial or IT markets. Ideally you will have worked within the European arm of an international business and will be comfortable in dynamic, high growth environments.

It is essential that all applicants have a "hands-on" approach and the motivation, initiative and commitment required to make an impact in a demanding yet stimulating organisation. Salary is negotiable according to experience.

Apply to The Freshman Consultancy quoring reference FT/B/FC.

FRESHMAN

The Freshman Consultancy, Coppergate House, 16 Brune Street, London El NJ Telephone: 071-721 7361 Facsimile: 071-721 7362

FINANCIAL DIRECTOR

EAST MIDLANDS

C. £37,500 + CAR + BONUS + OTHER BENEFITS

THE COMPANY

- Manufacturing Industrial products with turnover in the excess of £15m. High quality branded products with established international market presence.

- Part of major international group.
- Key member of the management team, ansuring continuing improvement in
- profitability and tight control of working capital Responsible for the financial and management accounting function.
- Make a significant contribution towards development management information systems.
- Qualified accountant, aged over 30 with experience of manufacturing and sophisticated reporting systems.
- Proven hands on style, man manager and team player. Good inter-personal skills, commitment and commercial acument
- Excellent career prospects with this UK based group.

se write enclosing full curriculum vitae quoting re: 128 to: Nicel Hookins FCA, London House 53-54 Haymarkat, LondonSW1Y 4RP

Tel: 071 839 4572 Fax: 071 925 2336

E L S O O P K I N S

Key appointment in major blue chip multi-national

BASINGSTOKE

c. £40,000

+ Benefits

Recognised as the world's most prestigious name in their specialist field, this major Brosh blue chip multi-national has a turnover in excess of £500m. A high acquisitive nature combined with business interests throughout the world has resulted in unbroken growth and profitability. The need now exists to appoint an exceptional Qualified Accountant to Join their Senior management team

Reporting to a Divisional Finance Director, your brief will include analysis for a major business unit in Germany. In addition, you will be closely involved in competit analysis, strategic/business reviews, detailed acquisition reports and have responsibility for several key process improvement programmes. Applicants must

- Aged c.35 with at least three years commercial expenence
 Fluency in English and German
- + Executive car + Bonus Ability to travel up to 40% of your time.
 - Outstanding intellectual and communication abilities

This represents a unique opportunity for an exceptional business minded accountant with broad based commercial experience, to significantly impact within a dynamic and highly respected organisation. Naturally, long-term career prospects will be exceptional for candidates who demonstrate outstanding ability in this role.

Interested candidates should write immediately in confidence to Andrew Livesey, quoting reference number 1930 at Micholson International (Search and Selection Consultants), Africa House, 64-78 kingsway, Landon WC28 6AH. Alternatively fax your details on 871 404 8128 or



telephone 071 404 5501 for an initial discussion. France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic

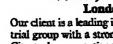
Financial Controller Design Consultants, London £30,000 + Package

Leading London Design Consultancy with a blue chip European client list, is looking for a young, fully qualified Financial Controller.

Extensive experience in PC based financial modelling and a thorough knowledge of accounting software are essential. A background in professional practice or design or media fields would be preferable.

A hands on enthusiasm in producing weekly budget information and monthly management accounts is essential, as is an ability to translate the results for management action. The potential for career development will be considerable.

In the first instance, please write to Box B1927. Financial Times, 1 Southwark Bridge, London SE1 9HL.



Our client is a leading international industrial group with a strong reputation in the City and an exceptional performance record over the past few years. They are now looking for a top quality ACA or MBA, 25-30 years, to join their HQ Strategy Team. You will be responsible for examining potential acquisitions, competitor and market analysis and be expected to explore new business areas compatible with the Roards' objectives. Candidates speaking French, German, Italian or Spanish would be of particular interest. Contact Nicola Lewis.

STRATEGY & ACQUISITIONS

£30-40,000 + Car

PLANNING & ANALYSIS £27-35,000 + Car London

Our client is a highly successful consumer led business with a strong representation in UK and Overseas markets. They are keen to appoint a qualified ACMA, MBA or ACA as a Financial Analyst. Working with Marketing Managers, responsibilities include performance review, profitability studies, capital expenditure appraisal as well as providing planning information on many aspects of the business. A role for a strong commercially orientated analyst who has the ability to progress within the organisa-

Contact Suzanne Swycher.

OPPORTUNITIES IN BANKING DM 120-200,000 Frankfurt

and the same and an about the country workfully later to a region of

Our client, a leading US Securities House with a strong growing presence in the German Market, is keen to appoint a Finance Manager. Assessing the performance of products, you will be responsible for providing accounting and analytical support to traders dealing in equities, equity derivatives, warrants and fixed incomes. The successful candidate will possess drive, strong communication skills and be able to operate effectively in a fast changing environment. Knowledge of German is an advantage, not essential. Contact Mark Stewart.

CORPORATE FINANCE c.£28-33,000 + Mtge + Bonus + Car City

Our client is one of the leading investment Banks with its HQ in London and offices in Frankfurt and Madrid. They seek a qualified ACA or MBA, 24-29 years, to join their International Corporate Finance Department. You will gain full exposure to crossborder transactions and be expected to make an immediate contribution to the success of a full variety of deals. Excellent academics, a strong personality and a commercial approach are prerequisites. A knowledge of German and Spanish is useful although not essential. Contact Howard Foster.

For further information please contact John Bowman on 071-387 5400 (evenings on 0474 874473) or write to him at Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN. Fax: 071-388 0857.

East Midlands

Internal Audit -Advanced Level

Avnet, Inc., a major multinational electronics distributor headquartered in New York, has recently acquired several European operations. Accordingly, we need a highly motivated, experienced Auditor to develop an internal audit function. The candidate will be situated in our European headquarters in Letchworth, England, and will report directly to the Corporate Audit Director in the U.S.

The ideal candidate should be a chartered accountant possessing a university degree

a minimum of 6 years auditing experience combining both financial and operational type reviews preferably in both the public and private sectors.

fluency in English plus proficiency in a second European language, preferably

broad exposure to general business practices and operating routines.

personal computer skills.

Salary is commensurate with experience. If you're interested in advancing your professional objectives in a fast track dynamic company, please send your curriculum vitae with salary history in confidence to:



c£24k + Car

AVNET, INC. Internal Audit Recruitment c/o Arthur Andersen One Surrey Street London, England WC2R 2PS

Nr Heathrow

To maintain the confidentiality of the recruitment process, all responses will be forwarded, unopened, to the Director of Internal Audit in the United States. Interviews

Management Accountant

Penguin Books is a wholly owned subsidiary of Pearson plc and is firmly established

as a leading publisher of hardback and paperback books. The management accounts

section is based at our offices near Heathrow and takes responsibility for the Group

We are looking for a committed team player to join our small group of professional

Given the scale of these events in an international organisation with associated

companies in the Commonwealth and Europe, it is essential that they are

approached as a team. Strong interpersonal skills, a mature outlook and a flexible

approach are prerequisites; the breadth of the job involves close liaison at all levels

and although there is no direct staff responsibility, some supervisory experience is

The ideal candidate is likely to be a newly qualifled graduate accountant with

excellent spreadsheet skills (to macro level). Some experience in the preparation of

Together with a competitive salary, we offer a range of benefits that include pension,

If you meet our criteria and would like to be considered, please write a letter of

Christine Marchant, Senior Personnel Manager

Penguin Books Ltd, Bath Road, Harmondsworth

Middlesex UB7 ODA

corporation tax, statutory accounts and budgets would be an advantage.

worldwide (excluding North America). The turnover of the division is £125m.

staff working on all the major annual financial events:

monthly and quarterly accounts;

final and statutory accounts;

application, enclosing a full cy to:

annual budget;

tax computations,

DIRECTOR OF **FINANCE**

up to £45,000 plus car (London Bridge)

Stonham Housing Association is the leading not-for-profit provider of housing with care and support in England. We housed more than 5,000 people with a range of special needs in the past year. These included young homeless people and those leaving care, people with mental health problems and learning disabilities, offenders, and people with drug or alcohol dependency

Stonham employs more than 1,500 stalf. They are committed to providing housing and support which enable people to device that the dignity and independence, and exercise more control over their light. The Association needs to earn £33 million per areas to £300 its expenditure. In an increasingly compositive environment, this tage only be achieved through selling our services effectively and tight financial control.

Your challenge is to help maxings the lacence generating possible and to support these services with the fault finalicial possible and its support these services with the fault finalicial possible and its support the services with the fault finalicial possible and its support to the services with the services of the services.

Management Team.

We are looking for a candidate expedienced in creating and implementing financial strategies, managing sector accepting and administrative staff, knowledgeable out if applications, a financial smanager and a good commenciate. Typically your recent expedience will be in a senior management position with an a substantial and complex organisation.

If you want an informal discussion on the position, telephone lober Palmer, Stonham's Chief Executive, on 071-403 3 144 or Determined to 171-408 3 144 or Determi

For further details contact ##GFS to the linese, North Read, London N7 9DP. Tel: 071-569 \$451, Fac; 873-789 7599. Claricon date for receipt of completed application further. Incade of January 1994.

Stonham 2

HOUSING WEEK CARE

The Royal Surrey County & St Luke's Hospitals Guildford

c.\$45,000 + benefits

acute services to 250,000 residents in South Surrey, as well as regional services, including radiotherapy and oncology to the South West Thames Region. The Trust wishes to develop a major regional trauma centre in the coming years and opportunities for the Trust may also arise from the Tomlinson review of hospital services in London.

around 1,500 full-time equivalent employees As a member of the Trust Board, you will play a major role in the Trust's strategic development in a highly competitive market. A qualified accountant, with a further business qualification, you will have particular responsibility for supervising the implementation of a comprehensive range of financial policies, including uncial control and enl reports. As well as having responsibility for the Trust's siness planning process and information services, there

service contracts with purchasers. You should have at least five years' experience of managing finances at a corporate level in a large NHS organisation, or in an external equivalent with a complex

An information package is available from Tony Vickers, Personnel & Communications Director, The Royal Surrey County Hospital, Egerton Road, Guildford, Surrey GU2 5XX. Tel no. (0483) 571122 ext 4514. Application is by full CV by 24 December 1993.

Committed to Equal Opportunities

The Top Opportunities

Section

information please contact:

Clare Peasnell

071 873 4027

Finance Manager

Packaging Industry

cf.40,000, Excellent Benefits, Car, Bonus

One of the world's largest packaging groups offers this exciting opportunity to join a strategically important division in this newly created role arising from the merger of two autonomous businesses into one.

You will be a key member of a management team committed to the success and continuing growth of this multi-sited operation, based at its UK head office in the East Midlands. Your role will be to maintain strong financial controls within their various businesses to ensure timely financial reporting and improve business performance. The initial task will be to merge the two finance and administration functions into one to maximise synergies whilst retaining the best elements from each. They already benefit from having common information systems with one central DP department and similar reporting structures.

You will be a qualified accountant, preferably with a degree, and having a proven background at a senior level within a manufacturing environment. Above all, you will be a hands-on manager, able to focus on practical solutions. Excellent interpersonal skills, good analytical awareness, together with computer literacy and the ability to comfortably use a PC for financial modelling etc are key requirements.

This is a challenging role which can offer the right individual a unique career opportunity within one of the world's most successful groups.

Interested candidates should forward a detailed c.v. to: Jack Jenkins, Hoggett Bowers, 6th Floor, 85/89 Colmore Row, Birmingham B3 2BB, 021 212 0088, Fax: 021 236 9351, quoting Ref BJJ/3036/FT.

EXECUTIVE SEARCH AND SELECTION

Finance Director

This established first wave Trust provides high quality

The Trust has an annual turnover of \$50m pa and will also be a major involvement in the negotiation of

cash-flow process. Experience of external financing and of developing business plans is also essential.

BBC BBC BBC

Deputy Head of Internal Audit

Finance Directorate Internal Audit We have recently appointed a new Head of Internal Audit whose primary responsibility is to give Board of Management and the Audit Committee assurance on the BBC's system of internal control and on the efficiency and effectiveness of its use of resources.

We are looking for an individual with the skills, technical knowledge and experience

We are looking for an individual with the skills, bechnical knowledge and experience to support the Head of Internal Audit in the management of audit projects, including system based audit reviews and value for money studies, and to lead more complex investigations. The role is demanding as you will be involved in managing and leading audit reviews covering a range of BBC activities, reporting to senior management. To succeed in this position you must be a qualified accountant with staff management experience who has operated in an audit environment, and have significant experience of computerised accounting systems and business procedures. Also you will need to have good interpersonal skills as you will be dealing with people at all levels, deputising for the Head of Internal Audit. You will need to show initiative, judgement and the willingness to assume responsibility. to assume responsibility.

Salary \$40,000 p.s. plus benefits, according to experience and qualifications. Based

West London.

For a Job Description please contact Claire Dadswell on 081-752 4507.

Flease send CV's (quote ref. 13957/F) to Claire Dadswell, BBC White City, Room 3234, 201 Wood Lane, London W12 7TS by December 18th.

WORKING FOR EQUALITY OF OPPORTUNITY

French Speaking Qualified Accountant

25K neg

International luxury goods company friendly team environment, involvement, WE location, 3 yrs+ post qual, exp age to 35.

Link Language Appointments 071 408 2150

Group Financial Controller

WILTSHIRE

Package Circa £35k

The JPI Group is an entrepreneurial group of companies building a market leading business in the property/leisure sectors.

Under the brand name The Watermark Club, the business has seen exceptional growth in recent years and future growth prospects have created the need to recruit a Group Finanical Controller.

The successful candidate is likely to be an ambitious and commercially-minded Chartered Accountant with around 2 years post-qualification experience, and likely to thrive in a dynamic and entrepreneurial environment.

He or she will be expected to make a significant input to commercial decision making as part of the

Candidates should apply in writing with a comprehensive CV to:

Tim Bostwick, Group Financial Director, JPI Group Ltd.,

Brinkworth House. Brinkworth, Chippenham, Wiltshire SN15 5DF



P.L.C. COMPANY SECRETARY F.C.A. COMPUTER LITERATE

FINANCIAL CONTROLLER

BIRMINGHAM C£28k + BENEFITS

Dath Group is the country's leading distributor of HIPI Accessories and related products. Our turnover is currently 65M and is steadily growing. This appointment, which is based in Birmingham and reports to the directors, offers broad financial responsibilities with the opportunity to extend your influence into key areas of general management.

The Financial Controller will be actively involved in commercial issues contributing wherever possible to future business growth, be or she will play a broad management role with company secretarial, personnel and IT responsibilities, as well as maintaining effective financial controls.

The position will suit a qualified accountant, with broadly based financial, administrative and management reporting experience gained in an entrepreneurial environment, he or she will have well developed commercial acumen coupled with a proven and up to date experience of the development and management of computer based systems.

Kay Graham, Regional Personnel Manager, Grant Therpicon, Enterprise House, 115 Edmund Street, Elemingham, B3 1HJ. GROUP PLC

Prospects for personal advancement are first class.

Please write endosing comprehensive Curriculum Vitae with full remuneration details to:

REQUIRED BY CLOTHING MANUFACTURING COMPANY BASED IN EAST LONDON. TOP SALARY ACCORDING TO AGE & EXPERIENCE.

SEND C.V. TO BOX B1931, FINANCIAL TIMES. ONE SOUTHWARK BRIDGE, LONDON SET 9HL

CORPORATE FINANCE / M &A Newly qualified ACA c. £25 - 28K & Banking Benefits

Our Client is a leading European Bank. Due to a continuing comm activides, a vacancy has arisen as executive level. This is a unique opportunity to join a top flight M&A team, and gain direct expet to transaction activistes from day one. Corporate esture demands a preactive approach which will be encouraged and guided to ensure transaction success and subsequent cancer advancement.

You will be a newly/recently qualified ACA, aged 24-27, who can demo commitment to a career in corporate linance through special work iment to a career in corporate linance through special work or audi nexts. Alternatively you may already possess corporate linance experience wig r bank and are now looking for a bank which will allow greater responsibility. uropean languages, with French and German being preferred, are essential. For further information please cell fullian Derviy on 071-638 9205. Or write to litm, at The Zanak Hay Partmership, 6 Brood Street Place, Blomfield Street, London EC2M 79-L

LARAK HAY PARTNERSHIP



subsidised private health insurance and company car.

DIRECTOR OF FINANCE Salary c. £47,000 plus p.r.p. plus lease car

The challenge is to ensure the Authority, in conjunction with other relevant organisations, maximises health gain for 425,000 people within a purchasing budget of £175 million a year.

You will possess a recognised CCAB qualification and preferably have Board level experience. Essential requirements are good interpersonal skills, strategic vision and a sense of humour.

Prospective applicants are invited to discuss the post informally with lan Dyson on 021 45n 5640.

Further details are available from Mrs K Blackford, Personal Assistant to Chairman, South Birmingham Health Authority, 27 Highfield Road, Edgbaston, Birmingham, B15 3DP to whom applications by CV should be addressed. The closing date for applications is 30 December 1993.



CHARTERED ACCOUNTANT FINANCIAL CONTROLLER

"BODFARI" is a dynamic company processing milk near Chester.

The Milk Marketing Board ceases operating on 31st March 1994. We have an opportunity to expand our business. A £2 million investment will enable us to accommodate milk from 200 farms. Turnover will increase from £10m to £30m.

This is a new position, salary circa £25k.

Apply in writing to David Pickering F.C.A. Chairman, **Bodfari Producers Ltd** Marlston-cum-Lache Chester CH4 9JS

